

FBIS

DAILY REPORT

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PRESIDENT SAYS MRS PERON MAY BE PARDONED

PY011343 Buenos Aires Domestic Service in Spanish 1030 GMT 1 Sep 83

[Excerpt] At the end of yesterday's cabinet meeting, President Bignone was interviewed by journalists. He said that the government now has enough background information to reach a decision concerning the status of Mrs Peron very soon, and that the possibility of pardoning her is being studied. With regard to the amnesty law, he said that he was unable to say whether it will be promulgated before or after the elections slated for 30 October, because no definite decision has been reached. He said that in order to make this decision there will have to be a dialogue between the current government and the elected administration.

As to the kidnapping of Guillermo Patricio Kelly, the president described the episode as shameful and lamented the resulting scandal because this disrupts the actions of the courts and confuses the people.

SANTA FE POLICE STRIKE OVER SALARY DEMANDS

PY011806 Buenos Aires DYN in Spanish 1602 GMT 31 Aug 83

[Text] Santa Fe, 31 Aug (DYN) -- Approximately 1,500 members of the local provincial police today confined themselves to barracks, demanding a salary hike, according to sources of this institution. This action began as of 1000 today when the dissatisfied personnel met in the building of the regional firemen's unit located in front of the police headquarters.

The personnel, mostly low-ranking, who had gathered to attend the main ceremonies of the anniversary of the provincial police, broke formation to confine themselves to barracks and press home their demands for a minimum wage of 3,000 pesos and free uniforms.

Demands Met; Strike Ends

PY020305 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0010 GMT 1 Sep 83

[Text] Santa Fe, 1 Sep (NA) -- The approximately 1,500 policemen who had confined themselves to their barracks since Tuesday today ended their strike when the government agreed to meet their demands. Government Minister Eduardo Suter Schneider reported that an increase of 1,200 pesos has been granted, and that it will be paid in two installments with the September and October salaries.

Suter Schneider added that for the civilian police this increase will total 1400 pesos. The government also agreed to pay a single additional amount of 400 pesos in a special payment between 15 and 20 September.

COLINA MEMBERS TO SUPPORT PERONIST SLATE

PY012120 Buenos Aires DYN in Spanish 2222 GMT 30 Aug 83

[Excerpts] Buenos Aires, 30 Aug (DYN) -- Today half a dozen leftwing parties have formally expressed to Deolindo Bittel their support for the Justicialist presidential ticket. This was done through a resolution of the so-called National Liberation Convergence [Convergencia de la Liberacion Nacional -- COLINA], which is based on the need for preventing a division of the popular vote at such a critical time.

To bring about this support, the leaders of the COLINA member parties: Vicente Solano Lima and Julio Amoedo for the Popular Conservative Party; Fernando Nadra and Roberto Vallarino for the Communist Party; Simon Lazara and Francisco Fontana for the Unified Socialist Party; and Aldo Erme Cantoni for the 12 May Liberation Front of San Juan Province, met today with the Peronist leader at Justicialist Party headquarters.

This support, as noted by Solano Lima, has been achieved by setting aside party, personal, and political aspirations of each of us, because we will be voting for Peronism for a reason well-known to the public: that of permitting the continuity of the peaceful revolution which Peron started in 1945.

The members of the leftwing coalition indicated that "every constituency will have to decide whether it will support the Justicialist slate or whether they will present their own candidates for the various elective national, provincial, and municipal positions."

In this regard, it was learned that COLINA will submit its own slate listing the candidates for deputies, senators and councillors for Buenos Aires City, Buenos Aires Province, Mendoza Province, Santa Fe Province, and other provinces, while in some constituencies it will fully support Peronism.

FISHING SHIP TREATY APPROVED WITH RESERVATIONS

PY011534 Buenos Aires TELAM in Spanish 2248 GMT 31 Aug 83

[Text] Buenos Aires, 31 Aug (TELAM) -- The national executive branch has approved with reservations the international treaty of Torremolinos on the security of fishing ships signed on 2 April 1977 during the intergovernmental maritime consulting international conference held in the Spanish city of Torremolinos.

The measure is established by Law 22,885. Article 2 of the law reads: "The following clause must be included in the approval: 'The republic of Argentina rejects the British decision to extend the application of the international treaty of Torremolinos on the security of fishing ships signed on 2 April 1977 to include the Malvinas, South Georgia and South Sandwich Islands. This decision was conveyed by Great Britain to the secretary general of the intergovernmental maritime consulting organization upon ratifying the treaty on 22 May 1980. The republic of Argentina also rejects the incorrect name of Falkland Islands and Dependencies [given in English] and it reasserts its sovereign rights over the islands, which form part of its national territory.'

"The UN General Assembly," the article continues, "has adopted Resolutions 2,065 (KXX), 3,160 (XXVIII) and 37/9 which recognize the existence of a sovereignty dispute over the archipelago. The resolutions also urge the Republic of Argentina and the United Kingdom to conduct negotiations to find as soon as possible a peaceful and final solution to the dispute with the good offices of the UN secretary general. The UN secretary general is to inform the General Assembly of the progress made in the negotiations."

CABINET BACKS TRANSPORT MINISTER POPPE

PY020116 Paris AFP in Spanish 1530 GMT 1 Sep 83

[Text] La Paz, 1 Sep (AFP) -- President Hernan Siles Zuazo and his cabinet have ratified their confidence in Transport and Communications Minister Hernando Poppe Martinez, whose resignation has been called for by the Cochabamba Department Labor Federation.

Through a 24-hour strike which took place Wednesday, and a strike of factory workers today, the workers of Cochabamba are applying pressure to force the removal of the minister for having allowed the bus fares to go up 100 percent.

The new cabinet has assumed this responsibility jointly and has backed up the minister in light of the unfair campaign against him, according to a communique released by the Information Ministry.

At the same time it has been reported that the miners of Kami, Cochabamba, yesterday blocked the Oruro-Cochabamba highway protesting against the bus owners and recent government measures. As a result of this blockade, dozens of vehicles are stranded.

The workers of Cochabamba, the stronghold of factory workers, have given the government 27 hours, which expire on Monday, to change the bus fares and fire the transport minister.

In addition to this deadline which the Cochabamba workers have set, the Single Confederation of Bolivian Peasants has threatened to start blocking roads if the government does not fulfill its economic demands in 15 days.

MIR MEMBER ARANIBAR'S RESIGNATION ANNOUNCED

Initial Denial by MIR

PY010316 La Paz Cadena Panamericana in Spanish 0000 GMT 1 Sep 83

[Excerpt] The press department of Radio Panamericana received in good faith a political document stating that Antonio Aranibar had resigned as a member of the Executive Committee of the Movement of the Revolutionary Left, MIR, in view of the criticisms he received from the labor front during the national meeting held in Oruro.

Radio Panamericana read the document because the copy delivered to the station carried the MIR seal used by that organization in its address to the public both in time of repression and in time of freedom. The broadcasting of this report created concern among the MIR leadership who came to this radio station and to the press department to deny it. Oscar Eid Franco, an important MIR leader, has labeled the document as false.

Confirmed by Zamora

PY011755 Paris AFP in Spanish 1405 GMT 1 Sep 83

[Excerpt] La Paz, 1 Sep (AFP) -- Jaime Paz Zamora, vice president of the republic and leader of the Movement of the Revolutionary Left (MIR), today in Trinidad (in the northern part of the country) confirmed the resignation of prominent MIR leader Antonio Aranibar Quiroga.

Paz Zamora stated that the MIR has maintained the structure of its executive board for the past 2 years, adding that the people are applying pressure to change it.

FOREIGN MINISTER CONDEMNS ATTACK ON ROK AIRLINER

PY012236 Brasilia Domestic Service in Portuguese 2218 GMT 1 Sep 83

[Text] Upon learning today that a South Korean commercial plane may have been shot down by Soviet military planes, Foreign Minister Saraiva Guerreiro stated that he regards the incident as extremely serious and as one which deserves rejection and condemnation.

In a statement released by Itamaraty spokesman Bernardo Pericas, the Brazilian foreign minister said the Soviet authorities must give a detailed explanation on the subject and must take immediate actions to avoid repetition of regrettable incidents like this.

Saraiva Guerreiro said international civil aviation is a factor of peace and rapprochement among peoples, and thus it should not be subjected to irresponsible acts like this.

CENTRAL BANK ANNOUNCES PRESIDENT'S RESIGNATION

PY020219 Paris AFP in Spanish 0200 GMT 2 Sep 83

[Text] Rio de Janeiro, 1 Sep (AFP) -- It was officially announced tonight in Rio de Janeiro that Brazil's Central Bank president, Carlos Langoni, had resigned from his post. The report released by a Brazilian Central Bank spokesman added that Langoni had formalized his resignation in a letter he presented to Finance Minister Ernane Galveas.

The spokesman did not refer to the causes of Langoni's resignation. But, according to rumors that circulated today among Brazilian financial and journalistic circles, which had been denied previously by Langoni's spokesman, it was been provoked by disagreements with Planning Minister Antonio Delfim Netto. Langoni, who had been participating in the negotiations with the IMF and with the international banking system over the renegotiation of the Brazilian foreign debt which amounts to more than \$90 billion, assumed this post on 21 January 1980, to replace Ernane Galveas who was then designated finance minister.

FORMER ENVOY TO POLAND DISPUTES ECONOMIC POLICY

PY011904 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Aug 83 p 1

[Text] Former Brazilian Ambassador to Poland Meira Penna has been warned twice by Foreign Minister Saraiva Guerreiro that he could face charges under the National Security Law for disagreeing with the country's economic policy with Poland. During a secret session of the CPI [Commission for Congressional Investigations], which is investigating Brazil's foreign debt, Meira Penna confirmed that he was threatened at Saraiva Guerreiro's office the first time, and during an official ceremony the second. During the session of the Chamber of Deputies, Meira Penna called Brazil's foreign policy "pragmatic to the point of being irresponsible." He also recalled that "the Third World policy" has caused Brazil to incur debts totaling \$5 billion with Eastern Europe and over \$6 billion with other Third World countries. He said that "paying \$11 billion for an ideology favoring the Third World is too high a price for Brazil." As far as Poland is concerned, he said that Brazil has financed the development of a communist and industrialized country through subsidized interest rates of up to 3 percent, when interest on the international market was running at 22 percent. This was the case of the exportation of textile products, Meira Penna remarked.

PRESIDENT TAKES DIRECT PART IN DEBT NEGOTIATIONS

PY011703 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Aug 83 p 11

[By Marizete Mundin and Maria Ines Nassif]

[Excerpts] Brasilia -- PDA [Social Democratic Party] deputy leader Deputy Edson Lobao revealed yesterday that "President Figueiredo will conduct the renegotiation of the Brazilian foreign debt." Lobao said he heard this at the beginning of last week from ministers in the economic area who had been with President Figueiredo at O Torto farm before he resumed the presidency (on Friday). This report was confirmed by one minister of state.

According to Lobao, in practice this means that the president will now be in charge of "signing the letters that may be necessary for the creditors, of making telephone calls and of designating the delegates to meetings abroad, who will not necessarily be the current negotiators of the foreign debt" (Planning and Finance Ministers Delfim Netto and Ernane Galveas, respectively, and Central Bank President Carlos Langoni).

The minister of state, who is said to have participated in the meetings which established the new renegotiation tactics to be implemented by the president, reported that the idea is to deal with 50 percent of the overall debt directly from government to government, and to hold talks with private banks to decide on the other half of the debt. According to Lobao, this is the same information that has reached the PDS.

The change in tactics will not involve breaking relations with the IMF, because, as Lobao recalled, "government-to-government negotiation does not exhaust the problem of the debt, but will result in the rescheduling of the debt." Therefore, according to the deputy and the minister of state, negotiations will continue with the IMF and other credit institutions (BIS -- Bank for International Settlements -- and private banks).

EXECUTIVE SUBMITS 1984 BUDGET TO CONGRESS

PY011720 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Aug 83 p 8

[Text] Brasilia -- The 1984 budget for the union will amount to 23.672 trillion cruzeiros and it was submitted yesterday for the approval of the National Congress. In his message to congress, the president of the nation stated that the country has been experiencing the effects of the unfavorable worldwide situation "especially with regard to high interest rates, decline of trade among the various nations and stagnation of the flow of resources from international money sources to countries which, like ours, require considerable capital to finance their investments."

The economic and financial policy of the country is also affected by "the amount of our foreign debt," the message reads, making it clear, however, that "the decision to incur these debts stemmed from Brazil's need for capital goods, basic industrial inputs, and technology, which is not locally available, and for the indispensable energy source petroleum." The Interior Ministry, which is carrying out regional development, housing, urban and sanitation programs, has been allocated the largest percentage of the total amount, that is, 3.7 trillion cruzeiros. Part of this amount will be spent on health projects. The Transport Ministry comes next with 2.9 trillion cruzeiros. The government has also allocated 2.9 trillion for a "contingency reserve."

Among its spending priorities for next year the government has made it clear that it will maintain the growth of food and agricultural and livestock production, which will result not only from increased productivity of areas currently assigned to the production of these commodities, but also from the opening of new agricultural areas. The Agriculture Ministry will receive 1.1 trillion cruzeiros from these budgeted funds.

Still another priority goal is to constantly expand exports "in order to strengthen foreign trade and to obtain substantial surpluses which will lead to the building up of the nation's international reserves.

With regard to revenues, the government stated that it has been conducting a fiscal policy coherent with the following objectives: economic stabilization, distribution of income and the correct assignment of available resources.

BERNARDINI ORDNANCE COMPANY PROJECTS REPORTED

PY020138 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Aug 83 p 2

[Roberto Godoy article: "New Weapons From Old Tanks"]

[Excerpts] A multiple antiaircraft gun carrier, a 120 mm mortar launch vehicle, and an armed vehicle designed as a battlefield mechanic shop -- all of them armored track vehicles -- are the three new products of Bernardini Incorporated, the arms industry that is already manufacturing the light 19-ton XLA/2 tank. Bernardini has also developed the technology for modernizing the medium-size tanks M-41 "Walker Bulldog" which so far has been the main weapon of the Army's specialized units.

These M-41 models were remodeled upon the chassis of the old Stuart M-3 tanks, which the United States donated to Brazil in large quantities after World War II. "We are increasing the useful life of these tanks for another considerable period of time," Flavio Bernardini explained. Bernardini is the director-president of the enterprise, which is also developing the project of a larger tank, the X-30 tank, that was announced in March 1980, and has since then been kept in strict secrecy. However, it will be a powerful machine featuring 105 mm cannon, great mobility and an electronic high-accuracy sighting system that will be controlled by a sophisticated computer system.

In Brazil, Bernardini created a modernization kit prototype, the Carcara X-1A1, making so many changes on the old M-3 Stuart model that the Army finally agreed with the following proposal by the company: To manufacture a new tank, the X-1A2, with a 90 mm cannon, a diesel-run engine with a range of approximately 500 km. The new products which are ready (the mechanic shop vehicle and the mortar carrier) are the result of similar modifications. The mechanic shop vehicle carries three men, weighs 10 tons, is 5.22 m long and 2.52 m high, and can run up to 55 km per hour. It is equipped for mechanical repairs with a welder, a generator, a set of tools, a stock of spare parts, a winch, hydraulic footing and is armed with a rotating 50 mm machinegun installed on the upper turret. It has a 6-cylinder 172 hp Mercedes Benz engine with a 24-volt electric system. With small variations and similar specifications, the 120 mm mortar carrier (weighing 1 ton less) is intended for thorough destruction of tactic objectives.

The Browning 50 mm multiple machinegun (four quick-fire cannons) is probably the most ingenious solution: the old, heavy and vulnerable carriage of those defensive batteries of heavy cannons was protected with light armoring to ensure great mobility, and its fire power was upgraded for modern war situations. This has been ordered by the Armed Forces General Staff, and the first vehicle could roll out of the Bernardini factory in a few weeks. The operation of this vehicle could eventually be guided by radar to improve the effectiveness of its 2,000-rounds-per-minute barrage.

PINOCHET REJECTS CALL FOR RESIGNATION

PY020017 Santiago Radio Cooperativa Network in Spanish 1900 GMT 1 Sep 83

[Excerpts] President Augusto Pinochet has categorically rejected the request for his resignation submitted by General Gustavo Leigh, former Air Force commander and former member of the military junta. As it has been reported, General Leigh requested Pinochet's resignation on the basis that his administration is a one-man regime. General Pinochet recalled that General Leigh was the real hardliner in 1973 and from the first moment he wanted all the power for himself.

Pinochet added that they were never friends, not even 10 years ago when they were members of the military junta. Pinochet also pointed out that the assassination of General Carlo Urzua will not break up the political dialogue, and that the political measures recently implemented were planned by his government before the start of the protests.

According to General Pinochet, the attack on General Urzua was perpetrated by the left, and rightist groups were not responsible for it. The chief of state also said that he has never discarded the idea that he might be attacked, but said that he is not afraid. He added that he is in good health. He also did not discard the call for a plebiscite before 1990 to introduce changes in the Constitution, but insisted that the path set up by the current Constitution should be followed.

Reiterates Intention To Remain

PY020020 Madrid EFE in Spanish 2107 GMT 1 Sep 83

[Special report by Albino Mallo]

[Text] Santiago, 1 Sep (EFE) -- Today Chilean President General Augusto Pinochet said that he will remain until a full democracy is achieved, because the people requested it and ratified it in the 1980 plebiscite. This is how Pinochet answered a question on the possibility of leaving the government before 1989 during a breakfast meeting with representatives of foreign press agencies accredited in Chile.

Pinochet said: "I came to power because the people so requested. I had my house, and I was thinking of spending my time reading and writing about history, but the people entrusted to me a mission which was later ratified by 67 percent in the 1980 plebiscite. Therefore, I will remain until full democracy is achieved, because as a soldier I know that I am fulfilling my duty."

Regarding his health, he said: "I am perfectly well and I hope to still be in good shape in 1989. I recently recovered from pneumonia in 15 days and in the last check-ups everything was perfect, the pulse, the blood pressure, everything."

The Chilean chief of state said that the measures the government is currently implementing were planned early this year. Therefore, the protests did not have any influence.

Pinochet added: "I was thinking that on the 10th anniversary of our government we had to make adjustments which included the return of the people in exile, the lifting of the state of emergency, the request to the State Council for preparing political reform laws, and the cabinet reshuffle."

Regarding the plebiscite for moving up the date for putting into operation the congressional law and the statute of political parties announced by Interior Minister Sergio Onofre Jarpa, the president said that this was conditional, because first the laws must be written and then a call for the plebiscite made.

Pinochet explained: "At any rate, this does not mean changing the Constitution but only adjusting some aspects which, due to the dynamism of political events, perhaps it is necessary to move up."

The Chilean president said that the law of political parties must be thoroughly studied by the many people who will be invited to participate by the State Council. He added that the political parties will not be allowed to get donations from abroad or maintain secret accounts, and that they will have to exhibit their lists publicly.

Pinochet said that the formation of political parties will result in authentic representatives; whereas now there are only persons, on an individual basis, who were heads of parties in the past but who do not represent the people now.

The president admitted that his criticisms of politicians are only aimed at the "bad politicians," but that there are others, important ones, like the current interior minister, who have participated in his government.

In reference to the Armed Forces, he said that they were not involved in politics and that the militarymen who held government positions returned to the garrisons to resume military activities at the conclusion of their missions.

The president said that the attack on General Carol Urzua and his two escorts "was an isolated case, very painful but isolated, and should not influence the dialogue between the government and the people." He added that the attack was carried out by leftists "because 99 percent of all attacks are carried out by the left." He said that this was a selective attack because they made a very good study of whom to attack and how to carry out the plan.

In relation to the letter written by General Gustavo Leigh, former member of the military junta, requesting Pinochet's resignation, Pinochet alluded to his book "The Decisive Day," saying that "General Leigh was the hardliner of 1973 and from the first moment he wanted the power for himself," adding that "his current behavior is his problem."

The president pointed out that the government has created 180,000 new jobs, but that now it was up to private initiative to continue; "otherwise, we would become a socialist state." He also said that he would help businessmen by advocating a middle-of-the-road policy, because "when things go well they want total freedom, and when things go bad they ask for too much."

Regarding the country's economy, which he believed is closely linked to politics, Pinochet said that it would recover slowly. He said: "To live we have to export because we depend a great deal on our buyers. Therefore, we are as much affected by the current world crisis as by the one in 1961, when it comes to a reduction in the sale of metals." He added that according to the ECLA report, "we are in better shape than other countries."

He said that he blamed Marxism for the ills of the country "because I am anticommunist. I read and studied a great deal about communism and Marxism which, as the pope said, is a perverse doctrine."

The Chilean president admitted that relations with the PRC, a country which maintains diplomatic relations with Chile, are friendly "because it does not get involved in our problems."

Reminded that the interior minister said that the president will make new announcements in his 11 September speech, he said: "Yes, I already said almost everything. Well, there may be something left, but if I say it now it would lose its charm."

POLICE SAY URZUA ATTACKERS TRAINED ABROAD

PY011627 Santiago Domestic Service in Spanish 1100 GMT 1 Sep 83

[Text] The director of the Police Investigations Department, General (Fernando Paredes), has reported that the terrorists involved in the attack against General Carol Urzua were reportedly trained abroad.

The police official noted that the attack was carried out by communist MIR [Movement of the Revolutionary Left] extremists who were trained in socialist countries and Cuba. He said that he was certain that the attack was carried out by well-trained terrorists.

Gen (Paredes) said that the investigations are being conducted by the NCI [National Intelligence Center] and that he hopes they are successful.

AD REAFFIRMS 8 SEP AS NATIONAL PROTEST DAY

PY020250 Madrid EFE in Spanish 0216 GMT 1 Sep 83

[Excerpt] Santiago, 1 Sep (EFE) -- Today the Democratic Alliance, an opposition front, ratified its call for a new day of national protest on 8 September, since it believes that there are no satisfactory reasons to change its decision to hold the protest. The decision was made at a meeting which was attended by representatives of the five political parties which form the opposition bloc, that is, the Christian Democratic Party, the Radical Party, the Social Democratic Party, the Republican Right, and the Socialist Party.

At the end of the meeting, former Foreign Minister Gabriel Valdes, president of the Christian Democratic Party, stated that the demonstration will be peaceful, as on previous occasions, but that this time "the pans will sound much louder."

Enrique Silva Cimma, president of the Radical Party and former comptroller general of the republic, made similar statements, and stated that the situation in the country has not shown any change which would lead them to reconsider their decision.

Group Calls for March Suspension

PY011633 Santiago Domestic Service in Spanish 1100 GMT 1 Sep 83

[Text] A Chilean youth organization has demanded that the opposition group, Democratic Alliance, suspend its protest march. This appeal is included in a statement issued by the National Unity Youth Front [Frente Juvenil de Unidad Nacional] which expressed its full support for President Pinochet. Moreover, the youth organization, led by (Andres Chadwick), honored the late Santiago Intendant Carol Urzua and his guards, who were killed by extremists.

ORBE REPORTS TERRORIST ATTACKS ON THREE BANKS

PY020407 Madrid EFE in Spanish 0351 GMT 2 Sep 83

[Text] Santiago, 1 Sep (EFE) -- Three simultaneous attacks against bank branches took place tonight when "Molotov cocktails" were hurled against the buildings, and leaflets

with slogans against the government-opposition dialogue were dispersed. According to the official "ORBE" press agency, the authors of the attacks identified themselves as members of the "Lautaro" terrorist revolutionary movement, and police sources mentioned by the same agency stated that "these attacks seem to obey a September plan set in motion in order to hinder the dialogue between the government and representatives of the various democratic currents of opinion."

The most serious damage was caused to a branch of the Bank of Chile, where the first floor was destroyed and an attic collapsed. In a branch of the National Bank, near the other branch, the bombs caused minor damage to the furniture. About 30 people took part in the actions by creating disorders nearby and then disappearing.

The third bank was the Credit and Investment Bank, a branch located about 35 blocks from the others, where another "Molotov cocktail" was thrown through a broken window, causing damage to the furniture.

CHRISTIAN LEFT JOINS DEMOCRATIC ALLIANCE

PY011147 Madrid EFE in Spanish 0422 GMT 1 Sep 83

[Text] Santiago, 31 Aug (EFE) -- It was reported here today that the Christian Left (IC) has officially decided to join the opposition Democratic Alliance (AD) after a general meeting of IC leaders.

This suggests that the IC has decided not to joint the Communist Party in the United Popular Action Movement (MAPU) and other leftwing organizations in the so-called Popular Democratic Front. The IC based its decision on the need to strengthen the opposition Democratic Alliance, "because whether we want it or not, the transition to a democratic regime in Chile will be conducted through this group," according to a spokesman of the IC.

SOCIALIST LEADERS MEET WITH SANTIAGO ARCHBISHOP

PY312035 Madrid EFE in Spanish 1426 GMT 31 Aug 83

[Text] Santiago, 31 Aug (EFE) -- The foremost leaders of the Socialist Unity Committee (CUS) today met for more than an hour with Santiago Archbishop Msgr Juan Francisco Fresno. At the end of the meeting at the Archbishop's residence, Julio Stuardo, Francisco Pizarro, and Juan Gutierrez said that they had conveyed to the archbishop the desire of the Socialist Party to "cooperate in the restructuring of democracy."

The political leaders made it clear that the official position of the Socialist Party is to remain within the Democratic Alliance, AD -- which is a coalition of opposition parties -- and not to create another multiparty group. According to Chilean political circles, another opposition multiparty group could be created very soon under the name of Popular Democratic Front (FDP), which will be made up of Communists, certain dissidents of the Socialist Party, the Movement of the Revolutionary Left (MIR), and the Party of the Christian Left.

The difference between the FDP and AD will be that the former will not be willing to maintain a dialogue with the government if this dialogue does not lead to the resignation of General Augusto Pinochet and the installation of a provisional government. The AD pursues the same objectives, but they are not being discussed in the course of the dialogue which this group has launched with Interior Minister Sergio Onofre Jarpa.

JUSTICE MINISTER DENIES 'DIRTY MONEY' CHARGES

PA010438 Bogota EL SIGLO in Spanish 27 Aug 83 pp 1, 16

["Text" of statement read by Colombian Justice Minister Rodrigo Lara Bonilla during a press conference in his office; date of press conference not given]

[Excerpts] I have called this press conference to make a statement concerning the debate on the so-called dirty money. I specifically want to refer to the accusations made against me, Rodrigo Lara. Even though they do not represent a crime, they are an attack on my personal dignity.

This is a well-rigged plan that I suppose started after the 1982 elections and was given the final touches after the statement I made to Jorge Emilio Sierra of COLPRENSA on 9 April 1983. At that time I stated my concern over the connections between drug traffickers and their dirty money and a national political group.

There is no doubt -- and this vindicates me -- that I am a minister who poses a threat to those sectors operating outside the law.

What means have they used to achieve their purposes? The dirtiest and the lowest, such as tape recordings. The natural thing would have been to present all the evidence on the night of the debate. However, their interest was not only to plan the ousting of the minister of justice but also to stop certain projects presented by the government and political parties, which would undoubtedly advance their plans to take over power. Therefore, they decided to reveal, piece by piece, in a progressive way, their carefully prepared scheme.

I ask: Why did they give me the money? Ortega [not further identified] stated at the chamber debate that this was a move designed to counter my opposition to the extradition treaty. However, in his statement to EL TIEMPO, Porras [not further identified] asserted that the money was a donation, with no strings attached, to support me in the elections at Mitaca.

I could easily have stated a number of things to justify this check; I could have said I received it as payment for professional services, or for other reasons. The truth is what I stated last week: It was a simple purchase made by Doctor Roberto Sahamon from a company in which my family has part ownership. He continually purchases from the Basf Chemical Company Ltd. of Colombia -- either directly or through other companies he has -- resins that are used in other chemical compounds, such as styrene, fiberglass, cobalt naphthene, methyl ethyl ketone peroxide, etc., to repair fiberglass boats, and make airplane parts, car cabins, hulls, tanks, etc.

This is all I can say about a business deal that was made, at the client's request, without a receipt. Allegedly due to a mistake, instead of the check being made out to my brother Jorge, it was made out to me; my partners did not worry about what would happen afterward.

What is the reason behind all this? A simple confrontation between two persons, without further implications? No, this goes much deeper. This is a plan by the drug traffickers who today seek the ousting of a cabinet minister because they consider him a threat to their twisted intentions. They will later continue scheming against other personalities of the country, with the purpose of causing the moral collapse of our nation.

We are at a crucial stage of our national history in which a mistake might mean grave consequences for Colombian society. This is a moral problem that affects all Colombians, and in which the very fate of Colombia is at stake. Under no circumstances must the nation be left in the hands of criminals.

CENTRAL BANK PRESIDENT DENIES IMF MISSION COMING

PY311627 Asuncion HOY in Spanish 31 Aug 83 p 11

[Text] Yesterday Cesar Romeo Acosta, president of the Paraguayan Central Bank, decried reports on an alleged impending visit of an IMF mission to Paraguay.

This report was carried by Buenos Aires news media, which tied this visit to the drawing up of an economic stabilization plan and the establishment of a new exchange policy which would affect the negotiations underway to establish the exchange rate for Yacyreta dollars.

Asked about the announcement concerning the IMF mission, Cesar Romeo Acosta sarcastically answered that "It seems that the Argentine dailies know more than I do," and added that he knows nothing at all about any such mission. "I know nothing about it," he stressed.

It appears that the Brazilian company PETROBRAS and its Argentine counterpart YPF [Government Oil Deposits] have urged the Paraguayan Central Bank to disburse delayed payments for fuel purchased by PETROPAR [Paraguayan Petroleum Company].

It seems that the delay has now run up to 5 months, and unless the funds are released soon, the supply of fuels to PETROPAR could be in jeopardy.

NEW SUPREME COURT CHIEF ARGANA ADDRESSES JUDGES

PY010327 Asuncion ABC COLOR in Spanish 31 Aug 83 p 11

[Excerpts] Dr Luis Maria Argana, the new president of the Sumpreme Court, has asked judges to discharge their duties with integrity. In a message delivered yesterday morning at Justice Palace, Argana stressed that it is the duty of judges and lawyers "to restore the value of justice and the people's confidence in justice."

He admitted that "there will be all kinds of pressure," but he voiced his confidence that it will be possible to neutralize such pressure.

Argana, who closed the press office and the pbulic relations office of the Supreme Court, promised several changes to ensure that trials will be given due attention.

Argana also said that "Our main duty is to dignify our job; we will achieve this if we honestly discharge our duties. Let me stress that I belive that the main qualification a judge should have is integrity. Professional capacity, though significant, is not as important as integrity. Firmness, that is, a judge's character, and prudence, are more important than capacity. In other words, I believe that the main qualifications that an impartial and efficient Paraguayan judge must have are first and foremost, integrity, then firmness and prudence and last, professional capacity or scientific knowledge."

"We do not expect verdicts in high literary style or upheld by a comprehensive discussion of the foundations of the law. We expect just verdicts, verdicts that should reflect truth and restore the observance of the law.

"Good faith and integrity are two major prerequisites to this goal. I hope that you, as good Paraguayans, will do your best for the sake of justice. I know there may be pressure stemming from political influence, friends, or even greed; lust for wealth may blind judges. Weak men claim that they did something because they were pressured to do so. Strong men defeat pressure."

He added: "We will make sure that judges are actually respected. Honest, just, and firm judges will enjoy the Supreme Court's absolute and full support, and I will use all my personal influence and the prestige that I may enjoy to defend those judges who observe the law. However, the Court will also be strict, but just, with those judges who bring dishonor to the Judicial Branch. Our responsibility is not to ourselves but to our fatherland, and this is the highest and most noble mission that may be entrusted to a person."

Argana also said: "We also need the understanding and cooperation of lawyers, because they must also respect judges. After all, we are all colleagues, we cherish the same ideals, and we may have even been classmates. I am referring to an aspect in which lawyers' faults become evident, namely, the slowness of trials. This is one of the most remarkable and traditional drawbacks of the courts."

The Supreme Court president went on to say: "Judges can fight chicanery by expediently deciding on delaying actions. If judges took time to expediently decide on delaying actions or tactics within 24 hours, lawyers would no longer resort to such actions because they would be useless."

Dr Argana then referred to the "most urgent" plans to be executed for "the restructuring of the Judicial Branch." He said that the notification mechanism will be changed to the one in force under the old system. He said: "We have noticed that corruption begins at the initial notification stage. This gives rise to a trial marked by deliberately flawed notice, which breaks the sacred constitutional principle which grants the right to defense in trial; under these circumstances, the accused party remains defenseless." Argana noted that the office of process servers will be restructured because there is an "urgent need" to do so. "Each judge will have his own secretary and his own team of a justice officer and process servers, who will be under the judge's personal supervision, so that each judge and each secretary will bear personal responsibility for court notices," he said.

RADIO NANDUTI DIRECTOR ACQUITTED OF CHARGES

PY011700 Asuncion ABC COLOR in Spanish 1 Sep 83 p 9

[Excerpt] Humberto Rubin, director of Radio Nanduti, was acquitted yesterday by Judge Antonio Escobar Cantero of the sixth criminal court in the lawsuit filed by State Attorney Gildo Ruize Gonzalez. Humberto Rubin was accused of offending judges during a conference held at the Catholic University. The judge ruled that the investigation has clearly shown that Mr Rubin had not committed the crime of which the state attorney has accused him.

PRESIDENT INTERVIEWED ON TERRORISM, ECONOMY

PM011203 Paris LE FIGARO in French 29 Aug 83 p 5

[Interview with Peruvian President Fernando Belaunde Terry by Irene Jarry in the Peruvian Presidential Palace -- date not given]

[Text] Question: Mr President, Peru is currently going through a very difficult period characterized by an economic and social crisis and an outbreak of terrorism. What does "Shining Path" precisely represent?

Answer: "Shining Path" is a movement inspired by Marx, Lenin, Mao, and Pol Pot. I see nothing Peruvian in all that. This movement is completely separate from Peruvian traditions and aspirations. The aim of these terrorists is to destabilize the democratic regime and to install a government which they term "revolutionary," which would suppress the Constitution, Parliament, and all freedoms, especially freedom of the press, which I strove to restore as soon as I returned to this palace. The members of "Shining Path" use violence, which all the people and all the political parties vigorously reject. Even the leftwing and extreme leftwing parties have asked me to eliminate that violence.

Question: Who is supporting these terrorists, who finances them, who helps them?

Answer: I am sure that they received aid from abroad, from democracy's enemies, of course. Some of them who have been arrested have talked, and we have proof that this movement is inspired, organized, financed, and armed from abroad. During my first term of office between 1963 and 1968, there already was a guerrilla movement in Peru. At that time, the aid was Cuban. I hope that is not the case today.

Question: You recently announced your intention of asking for aid from foreign experts to defeat the "Shining Path". On which countries do you plan to call?

Answer: The "Shining Path" is essentially a Peruvian problem. Therefore, there is no question of our calling for physical aid from foreign countries, but rather of exchanging our experiences with countries which have suffered and suppressed terrorism. Argentina, for example, is one such country. There are other countries, but, I must stress, it will only be an exchange of experiences. We will never abandon our responsibilities.

Question: You have asked for the death sentence to be restored for terrorists. Aren't you afraid of tarnishing the image of the civil legal authorities by making it pass those sentences?

Answer: I am not in favor of the death penalty, but in the case of terrorists, it is a question of one death to prevent other deaths. The bombers and murderers we have arrested have caused death. They have already caused great loss of human life and also great material damage in our country. There is no other solution. There can be no question of having them tried by military courts; the Constitution forbids that.

Question: Amnesty International has recently accused Peru of violating human rights. What do you think of these accusations?

Answer: Twice I was a political exile. Amnesty International never examined my case. The terrorists kill and steal; Amnesty International says nothing. I do not believe in the work of that body, which merely defends human rights for the Communist Party.

Revising the International System

Question: During your previous government, disputes emerged within Popular Action, your party, and undermined it. Aren't you afraid that situation might recur?

Answer: No, there are no disputes among the members of Popular Action. We are all very united by an old friendship which has lived through many trials. There are, of course, differences of opinion; that is natural. However, the friendship remains; there are no problems among us.

Question: What prompted Popular Action to support an independent candidate in Lima for the municipal elections next November?

Answer: Mr Grados, who was in my cabinet for 3 years, has remained very close to Popular Action. In our view, the municipality must be opened up, and that is why we think it is a good idea to support the candidacy of an independent who has similar ideas to ours without belonging to our party.

Question: The next presidential election will take place in 1985. Do the next 2 years worry you?

Answer: Yes, of course, because there are many problems. First, there is the economic war. All of Latin America, including Peru, is suffering from it. Our country lives primarily from the sale of raw materials. However, the price of those raw materials is constantly falling, whereas that of manufactured goods is increasing. It is vital to revise the whole international system.

In addition to this general problem, there are our specific difficulties. The north has just been devastated by floods, the south is ruined by drought. We have a country whose geography makes development difficult: a large desert coastline; the Andes Mountains where people have to live at an altitude of between 3,000 and 5,000 meters; and a vast Amazonian jungle. All that creates social problems which terrorism exploits, but these difficulties will not prevent me from pursuing my task while maintaining my style of government -- democratic, constitutional, and popular.

Question: Thus, democracy is possible in Peru.

Answer: Yes, with difficulties and dangers, but it is very possible. In 1980, the Peruvians elected me in complete freedom after suffering 12 years of military dictatorship. They knew me, they knew that I do not represent any economic power, they knew my program based on the combination of old Peruvian institutions of social solidarity and a certain relationship with the economy -- what I call economic crossbreeding. I will use all the legal forces to guarantee Peru's democratic future.

Question: How does a president like you -- a Democrat -- view Central America's future?

Answer: I am very worried about Central America's future. The terrorist and military movements are very active, and the things that are happening in this part of the world merely reflect the struggle of the superpowers, who want to divide the world between themselves. This is a pity and highly regrettable on a continent where there are many more important things to be done than fighting wars.

PCP HEAD HITS 'EXAGGERATED' REPORTS ON TERRORISM

PY011656 Lima EL DIARIO MARKA in Spanish 19 Aug 83 p 2

[Excerpts] Regarding Peru, Senator and Peruvian Communist Party Secretary General del Prado yesterday reported that international agencies from capitalist countries are mainly engaged in disseminating "exaggerated" reports on the actions of Shining Path to justify the repressive measures implemented by the "sinchis" [special anti-guerrilla troops] against many innocents, especially in Ayachucho.

Del Prado made this statement to reporters at Jorge Chavez International Airport on returning to Lima from a visit to Cuba and the Soviet Union.

The senator said that the international agencies from capitalist countries, especially from the United States, present the actions of Shining Path as being decisive in the national political life in order to justify the repressive measures of the Ayachucho political-military command.

In contrast to these agencies, he said that the agencies from socialist countries are treating the Shining Path issue within its real context "without magnifying or justifying the terrorist acts in our country."

Regarding his trip to Cuba, he said he made this visit with his family to attend the celebrations of the 30th anniversary of the attack on the Moncada Barracks, which preceded the successful Cuban revolution. He added that he later went to the Soviet Union, where he stayed for 2 weeks.

CADENAS PROPOSES DIALOGUE WITH SHINING PATH

PA310440 Havana International Service in Spanish 0000 GMT 31 Aug 83

[Text] The Peruvian Government has rejected Attorney General Miguel Cadenas' proposal for a dialogue with the clandestine armed organization Shining Path. Peruvian Interior Minister Luis Percovich disagreed with the attorney general's contention that the aforementioned clandestine organization is patriotically motivated.

Percovich agreed that a dialogue is the best way to find a solution to the problems. The church and other organizations have attempted dialogue, but Shining Path prefers the language of violence, Percovich added.

APRA CHIEF CALLS FOR CENSURE OF ECONOMY MINISTER

PY012112 Lima Domestic Service in Spanish 1100 GMT 31 Aug 83

[Excerpts] APRA's [American Revolutionary Popular Alliance] bloc in Congress will submit a motion to censure Economy Minister Carlos Rodriguez Pastor, announced APRA's Secretary General Alan Garcia after a meeting he had with President Belaunde at Government House.

[Begin Garcia recording]...[words indistinct] the representative of the economy policy, Mr Rodriguez Pastor, so that, I suppose he will have to defend the political aspects.

Secondly, the president has heard our claim about the question of the disappearance of some people whose whereabouts are unknown, and I am certain that he will order an investigation.

[Question] May we have your comment on the statements made by the country's attorney general, who said that the Shining Path members are persons with patriotic feelings?

[Answer] Well, I believe that this is an opinion of the country's attorney general. An opinion which may or may not be within his rights, but it is an opinion that must be respected. We voted against the motion raised by the Popular Action in the Chamber of Deputies to have the attorney general censured or given a vote of no confidence. Congress has no reason to meddle with the judiciary or the Justice Ministry.

[Question] Mr Alan Garcia, what is it that the president has told you about [words indistinct]?

[Answer] Well, I repeat that the president, as is his duty, sent back his economy minister. We demanded the minister's removal in view of the results that have been achieved thus far.

[Question] What has the president said about the missing in Ayacucho?

[Answer] He has carefully listened and I am certain that he will have an investigation immediately conducted.

[Question] What outcome to you expect?

[Answer] Well, I expect many things. I believe -- and this is the ideal that I discussed with the president -- that it would be good for Peru's internal and external image, including the president's, that there be no missing in Peru. I know that there may be many reasons why these people disappeared. The Shining Path group sometimes forcibly recruits their members. Police inquiries sometimes result in people missing for a long time. However, there is no law in any country that punishes disappearances, unless someone is a suspect. For this reason, and to some extent it is for the sake of humanity and the feelings of the relatives, who may not be as suspects, that I am demanding that there be no missing people in Peru.

Havana on APRA Leader's Demands

PA312359 Havana International Service in Spanish 1800 GMT 31 Aug 83

[Text] APRA [American Revolutionary Popular Alliance] Secretary General Alan Garcia has demanded that Peruvian President Fernando Belaunde Terry make changes in the official economic policy. He also demanded the resignation of Economy Minister Carlos Rodriguez Pastor.

During a meeting with the Peruvian president last night, the APRA leader reported that his party will today introduce in the Chamber of Deputies a censure motion against Rodriguez Pastor's activities during his 8 months in the post.

Alan Garcia also expressed concern over the climate of violence prevailing in the Ayacucho region, and pointed out that the police should not fall victim to an excess of repressive zeal.

BRICENO'S REMARKS DISPLEASE AIR FORCE, NAVY

PY020212 Lima EL DIARIO MARKA in Spanish 23 Aug 83 p 3

[Text] Yesterday military sources revealed that the Air Force and Navy did not approve the excited speech made by General Arnaldo Briceno Zevallos, chief of the Joint Command, against former militarymen and "communist" elements.

They admitted that although it is true that the communique released after the speech was signed by the Army Public Relation's Office, it is also true that the energetic charges against former militarymen involved the Armed Forces in its capacity as an institution and required a consultation. Moreover, the same sources stated that a large number of Army generals were not aware of the communique and later voiced their disapproval.

Other versions stated that within a normal context, Briceno's attitude was surprising and inexplicable. In fact, the day he made the speech, Briceno was interned in the military hospital recovering from a eye affection. He left the hospital, made the speech, and then returned to one hospital.

Why did he have to leave the hospital, everybody wonders, since the military ceremony was not of any great importance. (The 162d anniversary of the creation of the Peruvian Guard League was being celebrated.)

In addition to not being consulted, the generals disagreed with Briceno's attitude because they deemed that linking the Army with the Shining Path group deeply damages the Armed Forces' prestige in the public's view. The officers believe that every time the Shining Path attacks any city or citizen, it will immediately be thought that "the military is helping them."

"If Lima remains in the dark, defenseless, the military will be to blame for it; if the Shining Path attacks a police station and kills its guards, the military will be to blame for it; if the Shining Path mercilessly attacks a town and kills peasants, the military will be to blame for it. Therefore, if they are not uncovered, and it seems as if their crimes are going unpunished, it means that they are being protected by the military."

These thoughts have had a serious impact among the officers, especially among those who had advocated a return to the barracks to allow the Armed Forces to recover the prestige lost over the latest years of the military government.

Another item which has elicited comments among the militarymen is the broad charge of "communist leanings" in the Armed Forces. They feel that General Briceno should have kept in mind the fact that Peru has a left which claims to be "communist" and whose ideological rights are guaranteed by the Constitution. Moreover, they recalled that Peru has high-level diplomatic relations with communist countries, among which is the Soviet Union, which as is well known has supplied Peru with most of the sophisticated military materiel of its Armed Forces.

The main question which the militarymen raise is: Why has General Briceno done it?

Some of them believe that it is merely a gaffe of the extremely militaristic general; others feel that Briceno was trying to please President Belaunde, with whom he had a lengthy and stormy exchange last Tuesday during the meeting of the National Defense Council; finally, others say that the remarks of the general were prompted by the sustained pressure of fascist sectors within the Army who favor a crazy adventure along Pinochet's lines.

WORKERS SEIZE STATE FISHMEAL AGENCY FACTORIES

PY011646 Lima EL OBSERVADOR in Spanish 22 Aug 83 P 17

[Excerpt] The 36 fishmeal factories which are owned by Pescaperu [State Fishmeal and Fish Oil Agency] have been taken over by some of their 6,000 employees.

The latter are protesting the intervention of these factories ordered by the country's Comptroller's Office, which Sutrapesca [expansion unknown] regards as an indication of the agency's liquidation and final shutdown.

For their part, the 600 employees of Pescaperu's main offices are still occupying the first floor of the Fisheries Ministry. Yesterday members of the Republican Guard prevented Pescaperu employees from entering the Agency's main offices. Pescaperu workers are asking the government to have the agency reactivated and kept afloat instead of liquidating it. At present, Pescaperu is paralyzed due to the Comptroller Office's intervention. None of the fishmeal factories are operating.

HAVANA REPORTS ON PUNO DEPARTMENT STRIKE PLANS

PA010451 Havana International Service in Spanish 0000 GMT 1 Sep 83

[Text] Citizens of Puno Department in Peru will tomorrow start a 48-hour general strike to once again demand government aid in resolving the grave situation that has been caused by a heavy drought. The Peruvian newspaper CORREO has reported that the strike was called by the Puno Departmental Struggle Committee for what it termed a complete lack of interest in helping the region of the Peruvian altiplano.

The newspaper LA REPUBLICA, also edited in Lima, has stated that some of the main problems in Puno are a mass emigration to cities in other regions, a lack of economic resources, and the trafficking of children.

HAVANA CITES BRUTAL POLICE ACTION AT RALLY

PA312021 Havana International Service in Quechua 2200 GMT 27 Aug 83

[Text] The Peruvian police brutally broke up a rally in which workers were justly demanding better living conditions and protesting the administration's poor handling of the nation's economy. The rally was called by the Confederation of Peruvian Workers, which earlier demanded the immediate dismissal of Economy Minister Carlos Rodriguez, who, according to the workers, lacks the ability to properly direct the Peruvian economy.

BRIEFS

NATIONAL PRODUCTION -- The National Planning Institute has reported that national production decreased 13 percent during the first half of this year. [Text] [Lima Radio Union in Spanish 1130 GMT 20 Aug 83 PY]

DEPUTIES SUSPENDED 30 DAYS -- The Chamber of Deputies has decided to suspend, for the term of 30 days, Puno Representatives (Pedro Caceres Velasquez), (Alfonso Reyes), (Aldo Celada Choques), and (Dario Surco Nanal), who yesterday started a hunger strike to demand greater government aid for Puno Department, which is affected by droughts. [Summary] [Lima Domestic Service in Spanish 1100 GMT 24 Aug 83 PY]

REPORTAGE ON CONTINUING DOMESTIC UNREST

Protest Staged in Montevideo

PY020327 Madrid EFE in Spanish 0237 GMT 2 Sep 83

[Text] Montevideo, 1 Sep (EFE) -- The third protest in 6 days against Uruguay's 10-year-old military regime was staged tonight in Montevideo's residential neighborhood with residents clanging pots and pans.

The "empty pots" protest was staged in the predominantly worker-inhabited neighborhoods near "Centenario" Stadium, "Reducto," "Villa Espanola," "Union," "Sayago," and "Penarol."

The Chilean-style "concert" using pots and pans has since 25 August turned into a generalized Uruguayan protest. At that time the people turned off the lights in their homes, banged their kitchen ware, and shouted slogans against the regime and its economic policy.

Today's protest had greater repercussions because it was held 24 hours after the announcement of new rate increases for public services ranging between 10 and 35 percent for fuel, potable water, electricity, and telephones. The 33-percent minimum wage increase and the increase of 700 pesos monthly (approximately \$20) for state employees, were considered insufficient to face the new inflationary spiral facing Uruguayans.

Moreover, the Blanco, Colorado, and Civic Union political parties are preparing for 25 September, the second planned day of protest against the military regime, with blackouts in the homes, the banging of pots and pans, and voluntary citizen boycotts.

Peace-Justice Service Banned

PY011545 Madrid EFE in Spanish 2343 GMT 31 Aug 83

[Text] Montevideo, 31 Aug (EFE) -- The Uruguayan military regime tonight banned the activities of the Peace and Justice Service to which Argentine Nobel Peace Prize winner Adolfo Perez Esquivel belongs, and authorized the police to intervene in this association.

The Peace and Justice Service organized a day of national protest on 25 August which reached its zenith with a blackout in Montevideo, the beating of pots and pans, and with people voluntarily staying at home for 2 hours.

Three members of this movement, two Catholic priests and a Methodist minister, also held a 14-day hunger strike in support of the protest.

The decree which President Gregorio Alvarez and the ministers of interior and defense signed explains that the Peace and Justice Service is a clandestine organization without legal status and is not part of the official structure of the Catholic Church.

The decree, which is legally based on the "rapid security measures" [medidas prontas de seguridad] (the Uruguayan version of the state of siege), also accused the Peace and Justice Service of including members indicted for guerrilla activities.

Interior Minister General Hugo Linares Brum said last week that Adhemar Oliveira, the Methodist minister who fasted during the day of national protest, had been formally charged with membership in the Tupamaro guerrilla movement and with having served a sentence for subversive activities.

The Uruguayan Government had forbidden Argentine Nobel Peace Prize winner Perez Esquivel to enter the country, while en route Montevideo to join the protest organized by his movement.

ECONOMY MINISTER LUSIARDO ADDRESSES NATION

PY010500 Montevideo Domestic Service in Spanish 2301 GMT 31 Aug 83

[Speech by Uruguayan Economy and Finance Minister Walter Lusiardo Aznarez from Montevideo on 31 August 1983 -- live or recorded]

[Text] Some 7 months have elapsed since I briefly explained over a radio and television linkup the adjustment program which the government had implemented as a consequence of the measures enacted on 25 November 1982. This program was disclosed with greater detail at the beginning of February when we published the letter of intent.

What has happened during this period? What is presently happening, and how do we envisage the last months of 1983? I have deemed it appropriate to address you tonight on all of these issues.

Of course, I am not going to say anything new, and I recognize that the path on which the country has advanced during this period has involved a great deal of sacrifice from all. But it is important to note that these sacrifices have not been made in vain. We continue to implement our programs, and have made certain achievements which are gradually laying the groundwork for the much desired and much sought after national recovery. I hope this speech clears up some doubts that may exist on the performance.

I am not going to bore you with figures, but I have prepared graphics which are to all who desire them and which will be handed out together with the text of my speech.

I will start my speech by referring to the first half of this year and the results achieved during the past 6 months, which we jointly evaluated with the IMF mission.

One of the main objectives of this program was to reduce the fiscal deficit.

The goals of the program provided for a public sector deficit, not related to financial operations, of not more than 3,300,000,000 new pesos. This deficit goal, which could not be surpassed, amounted to only 1,800,000,000 new pesos during these past 6 months. How did we achieve this? It was achieved, naturally, with discipline and sacrifice.

Discipline, since expenditures were maintained below those budgeted, and sacrifice because the entire public sector reduced and postponed expenditures and investments and gave us its decided support so that, in a joint effort, we would come up with the necessary resources to meet our expenditures.

But what is the fiscal adjustment about? Why is it so important, and what is its objective? It means that there is a stable income level, that the country is capable of producing, and that the government is reducing its participation in order to give the private sector a chance and become less of a competition in [words indistinct].

The fiscal adjustment and the prudent monetary policy have contributed to the stabilization of the inflation rate after a corrective price adjustment was carried out in response to the necessary adjustment to the exchange rate. Facts have proven as untrue the predictions made by some sectors when we implemented the program, stating that a continuous parallel escalation between prices and exchange rate would occur. As a consequence of a lower fiscal deficit we have not had to increase the inflation rate, which would have reduced the purchasing power of wage earners even more.

We have managed to substantially improve the country's foreign profile. The successful rescheduling of our foreign debt with commercial banks in addition to obtaining new resources was achieved in record time in comparison to other countries. The \$240 million, which represents a 14.5-percent increase of our bank debt, is the highest percentage granted in recent times.

The normalization of Uruguay's foreign debt not only facilitates a fluid evolution of foreign trade exchange but also allows us to maintain a free and open exchange market which encourages the influx of capital.

By not delaying the payment of trade agreements and by increasing exports through the adjustment of the exchange rate we are laying the groundwork for economic recovery.

We also have the situation of international reserves, which is much better than our program predicted. As of 30 June, and in compliance with the system agreed on with the IMF, the Central Bank of Uruguay has shown a loss of only \$66 million in comparison to a predicted loss of \$130 million. As all can see, this is another fully achieved goal.

Having concluded the first part of my speech, I will now refer to what is taking place during the June-September period at the end of which another evaluation will be conducted.

Let us once again refer to the public sector deficit, which is not related to financial operations. The program's deficit goals for the June-September period were set at 4 billion new pesos. It is true that the deficit in July was higher than predicted and it is also true, as I have already said, that the income for the first 2 months of this period has fallen below the estimate, but since what really matters is what happens during the entire June-September period, I can assure you that the necessary measures have been adopted to achieve our goal, especially by reducing our public expenditures.

You will witness the hardships the state apparatus must endure, but this will prove the government's will to fulfill the commitments it has undertaken.

Regarding international reserves, the most we can lose by the end of September is \$210 million. The loss thus far amounts to \$122 million, a difference so big that the drop will be well below the established limit. Moreover, keeping this loss to a minimum and to precluding the deficit of the public sector from being related to financial operations, will allow us to draw another \$120 million of the loan granted to us by the international banking sector, and to obtain the third installment of the IMF loan, which amounts to another approximately \$50 million. Nevertheless, this is not enough. We need to make new efforts.

Public enterprises play an important role in the financial situation since their economic-financial balance is indispensable to achieve the schedule goals.

The constant fluctuation of the exchange rate has compelled us to increase utility rates as of 1 September by a minimum necessary rate in order to maintain a balance between income and expenditures.

As all this has an evident impact in the social sector, the government has decided today to increase the national minimum salary to 2,784 new pesos. Regarding the increases which private enterprises may decide to grant those salary earners who make more than the current national minimum salary, it will continue to be voluntary in accordance with the current possibilities of those enterprises, but always in keeping with the new national minimum salary which the government has set.

Regarding public sector salaries, the government has decided to grant an across-the-board increase of 700 new pesos. This increase represents the utmost effort which can be made without sabotaging the objectives set for this month. In this way the government provides for the lower income sectors and observes the guidelines established by the salary policy, therefore, these two salary increases by no means represent a change in the program but its adjustment to the behavior of some macro-economic variables which have experienced slight changes from what was predicted.

I will now read the third and last part of my speech which, as I mentioned at the beginning, refers to how we envisage the last months of this year.

We are aware that the chosen path has become difficult due to the current international economic situation. The distortions in the monetary and exchange rate systems took place when the overall exchange rate floating system was established. This system has had negative consequences on the level of activities of the developed countries which resulted in unusually high unemployment rates and encouraged the widespread use of protectionist policies, which had a predictable repercussion in the developing countries.

The situation, in the particular case of our country, became even worse due to the economic deterioration of the region which figures heavily in our foreign trade.

Although the current world panorama seems to show an improvement in the international sphere, especially in the United States, and in the greater trade expansion which this represents, it does not mean that it will have an immediate impact in developing countries such as ours. As a consequence, no matter what strategy the government might chose, it should be based on a sound financial situation in order not to deprive resources to the public sector.

Therefore, we will continue to undertake the greatest efforts to achieve those fiscal objectives and those of the public enterprises which will not jeopardize the requirements of the private sector nor the objectives regarding the inflation rate, the rate of exchange, or our international reserves.

The government is aware of the implicit costs of the current economic policy. However, it believes that paths which might prove to be the solutions for short-term partial improvements are not appropriate for self-sustained development. Thus, it will not allow itself to be tempted to compromise in order to solve problems.

Within this context it is undoubtable that the depth and length of the adjustment period will depend not only on the international economic situation and its recovery, but also on the confidence which the economic agents and the entire citizenry might have in the achieved objectives, and the government's determination to continue on the same path. This is the responsibility of each and every Uruguayan.

PRESIDENT DELIVERS STATE OF UNION ADDRESS

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[State of the Union message delivered by Mexican President Miguel de la Madrid from the San Lazaro Presidential Palace in Mexico City -- live]

[Text] Honorable Congress of the Union, Mexicans:

In compliance with Article 69 of the Constitution of the United States of Mexico, I am attending the opening session of this popular representation for the purpose of presenting the report on the state of the country's public administration. At this time, I am delivering the written report, whose main text is contained in (?175) pages and 13 annexes which detail the action taken by the (?current) administration with two reference points: the political commitments deriving from the 4 July 1982 electoral mandate and the demand to improve the prevailing economic situation decisively and firmly. It was an economic situation which, if not halted, threatened the political and social stability of the country.

Seven basic principles comprised the electoral platform that the Mexican people chose with their vote. Revolutionary nationalism is the primary value of our political ideology. Nationalism and revolution are indivisible concepts. History has made us nationalists because of the vital need of subsistence in the face of foreign ambitions and aggression and in the face of (?liberation) forces which affected us at other times.

We are revolutionaries because of our continuing determination to build a free, just, and prosperous society, which we Mexicans aspire to have. Based on freedom, justice, and democracy, revolutionary nationalism has been rooted in our national culture and in our process over the ages. It is the result of the ideological sequence of our popular struggle for independence, reform and revolution. It is the political philosophy which began with Hidalgo [words indistinct] It was reaffirmed with Juarez and the liberals. It received new blood with Madero and Carranza in the Constitution of 1917 and was continued with the post-revolutionary regimes. It is the great force which, based on the conscience of a common past, gives us the solidarity and the unwavering determination to sustain ourselves as a viable and sovereign nation in the future.

Complete democratization [democratisacion integral] also comes from our historical process. The drafters of our Constitution of 1917 conceived democracy as a political structure, a judicial system, and a way of life founded in the continuing economic, social, and cultural prosperity of the people.

Complete democratization demands that political power be based on the basic concepts of majority rule and respect for the letter of the law in order to guarantee the civil liberties of men and guide national life toward a balanced and just development.

Democracy must be organized to strengthen the balance of and cooperation among the powers -- federalism and free municipalities. Political life must be organized on the basis of respect for pluralism and [word indistinct], promoting citizen participation through the exercise of their rights and the obligation of the leaders to (?take) actions according to the people's mandate.

Complete democratization also requires the wide and fair participation of the various social groups in the economic affairs of the country and in the rest of the issues of social life. Let us aspire to have an equitable society, which means to have a fair social order, since the great disparities from which we have suffered limit, and even obstruct, the actual enjoyment of freedoms and social rights, thus obstructing the true practice of democracy.

An equitable society requires a constant and renewed will to continue to seek the establishment of equality in our social life. Moral renovation was defined as the restrengthening of all that may provide and guarantee the fulfillment of our duty toward the nation; (?in other words), with the example of the government, with my own conduct, and with the commitment of all Mexicans to strengthen our values. Our guide is the law.

Decentralization of national life is firmly connected with the fundamental political division (?mandated) by the federal system. If the changes brought about by the revolution called for concerted efforts, the complexity of the social fiber and the need for a more equitable development throughout the land today demand [words indistinct].

Sustained development, creation of jobs, and the fight against inflation are the proposals for the country's economic transformation. Placed as man's priority, this criteria combines quantitative and qualitative achievements, and confirms constitutional principles for leadership of the state, a mixed economy, and economic liberties. It is a fundamental leadership strategy, not only in the face of adversity but to achieve structural change.

Finally, there was the prospect of implementing changes in a rational manner to make better use of our resources, encouraging people's participation in these changes. Thus came the need to establish democratic planning. This criteria has guided the actions of my administration, because the people voted for this criteria. Despite the adversities we have (?encountered), this criteria will continue to guide the actions of my administration, and I will continue to apply this criteria in the exercise of our actions.

On 1 December, I began my term of office amid a deep economic crisis that permeated our entire society. We were on the brink of confrontation with a domestic climate of great trust, uncertainty, and severe problems abroad. [sentence as heard] Because of this, the economic issues of the crisis threatened to become a serious social and political upheaval. The system we Mexicans had created for ourselves was at stake. If we had let the currents carry us, or failed to (?take action) and opted to adopt a gradualistic policy, the country could have been seriously harmed. It was an emergency situation.

I offered to serve with truth and to tell the people what could and what could not be done. I have dedicated myself to explaining clearly to the nation the roots (?underlying) the crisis we were experiencing. I could not demand from society [words indistinct] efforts required for resolving the crisis without a thorough understanding of the problems.

Internal and external forces combined to create one of the worst crises in our country's history. The new administration acquired an economy characterized by the collapse and decrease of production, (?high) inflation, growing unemployment, a skyrocketing increase in government and currency deficits, falling savings channeled through the financial system, sharp devaluation of the peso, losses in monetary sovereignty, exhausted foreign reserves, a foreign debt of unprecedented magnitude, and the virtual suspension of payments to our international creditors with the subsequent interruption of our economic relations abroad.

This situation accelerated as 1982 progressed. The gross national product increased in the first few months, but collapsed in the last few months, pulling down employment as it fell, and inflation tripled during the year. The peso was devalued sixfold. The development process was paralyzed, and the bases to achieve improvements in the welfare of the majority deteriorated, including those to maintain the levels already achieved.

We were facing not only a circumstantial crisis, but a structural one as well; one that affected not only the economy but that caused strife between different social sectors, that involved division of our governing principles and in some cases the organization of the nation itself.

These elements of the internal crisis mingled with an international situation characterized by instability, uncertainty, fear, and the impossibility to maintain the economic development and the employment in most countries of the world, regardless of whether they were capitalist, socialist, or a mixed economy.

Mexico was particularly affected by the decrease in the demand for and the drop in prices of oil on the international market, the curtailment of the available financing resources, and the increase in interest rates. A peso that was overvalued in comparison to the dollar caused a strong flight of capital.

Nevertheless, internal factors aggravated the impact of the international situation in the country. Each one taken alone cannot explain the crisis by itself, but added together, they caused the severe and acute problems that we were experiencing. In the face of this situation, we decided to act with determination, firmness, and a clear sense of the (world) that we want.

As a central objective, we proposed maintaining our institutions in the framework of the freedoms established by our Constitution. The state framed its determined reply in a democratic context in response to the mandate it received and by recognizing the growing pluralism of Mexican society. This required attacking the economic crisis at its roots and making the qualitative changes necessary to reorganize our institutions, recover confidence, and prevent the disruption of social solidarity.

The immediate program for economic reorganization was begun on 1 December. Its 10 points outlined the measures to face the crisis. Its purpose was to regain the stability indispensable for the operation of the economy with realistic and firm decisions, regardless of how harsh these might seem. We were determined to attack all the roots of our principal problems simultaneously by implementing a strategy of qualitative changes based on the seven basic thoughts outlined during my campaign which established the bases to transform the quality of the country's structures.

My government is seeking economic stability and structural changes at the same time. Mexican society demands change [word indistinct]. There are deviations and mistakes to be corrected, shortcomings to be overcome, and new forms and styles that must be adopted. This demonstrates our vitality as a young nation, but this must not make us forget that we are a people with serious traditions. It is not a question of inventing ourselves anew and forgetting what we have achieved with the efforts of the previous generations.

The change that we propose is revolutionary and progressive. History cannot, must not, turn back. It is a nationalistic transformation conducted by ourselves, according to our political doctrine and experience based on our specific reality. We propose the changes based on the laws and the institutions with respect for our fundamental values of freedom, democracy, and justice. We propose a change that makes adjustments and corrections, that overcomes and constructs (?that will take us) to a higher stage of our history.

To provide firm and solid bases for the tasks set forth on 1 December, (?we proposed) a series of reforms and additions to the country's Constitution and an important set of laws. These were improved by the legislators. In this fashion we continue one of Mexico's best traditions -- to base social change on law.

The economic reforms modernized and updated basic principles of our revolutionary doctrine; the leadership of development by the state; the system of the mixed economy with the balanced and harmonic (?participation) of the public, private, and social sectors; and a system of democratic planning to channel the country's complete development under the responsible and legal leadership of the state with respect for the freedoms guaranteed by our Constitution.

We promoted a radical reorganization of Article 115 of the Constitution to strengthen the bases of the (?free) municipality. To expand the number of our social rights, we included the right to health and the basic principles of policy for integral rural development in the Constitution. We also included the right to housing in the Constitution.

- Finally, based on the thesis that moral renewal of society must be headed and exemplified by the public administration, we modified Title 4 of the Constitution, which establishes the bases for the responsibilities of government employees, more clearly and firmly setting out the standards for their conduct, their political, administrative, and criminal responsibilities, and the procedures to enforce these responsibilities.

At the proper time, and as a result of the proposed constitutional reforms, we promoted the planning law; a new law of responsibilities for public employees; reforms to the law of the federal public administration; and a new law to regulate the public service of banking and credit.

We also promoted reforms to the civil code relative to reparations for moral damage [reparacion del dano moral] and to the criminal code to increase the punishment for illegal conduct by government employees.

We now have the adequate legal bases to legally use the institutions in the task of solving the crisis and to direct the process of qualitative changes in our society and economy.

The crisis did not paralyze, but rather invigorated the renovating impetus that the circumstances demanded. In the early weeks of my administration, we initiated the work to draft the 1983-1988 national development plan. For this purpose, we organized 19 forums of popular consultation for democratic planning that were attended by government officials; peasant, labor, and popular leaders; representatives of political parties; legislators; business representatives; professional organizations; journalists; and in general, persons connected with the various aspects of our social and economic life.

This process, which had ample participation [word indistinct] the responsibility of the federal executive branch was the basis for the plan that we made public on 30 May 1983. In this document, the government assumed explicit commitments to the country by establishing the political definition of its development strategy. In this way we added a plan for the democratic and orderly guidance of the country's development on legal bases.

We strengthened the country's institutions to resolve the crisis. We also chose to appeal for national solidarity and legal and peaceful negotiation of conflicts over destructive confrontation. In other countries crises are countered with militarism, while Mexico can boast of preserving its system of individual freedoms and social rights.

We must appreciate and zealously defend the climate of freedom that we have forged with our historical struggle [words indistinct] that we must remember personally and as a nation. We have strictly adhered to the freedom of thought and the free expression of ideas, religious freedom, the freedom of political expression and association, the freedom to choose one's profession, industry, commerce, work, free transit, and the home. We are making every effort to comply with the right (?to plea) (?petition) and the guarantees for legal security that regulate the life, freedom, property, and rights of all Mexican citizens.

We respect and promote the social rights of the workers and peasants. We guide our actions to guarantee the social rights of the majority classes. We have only moderated the abuse of freedom when it has threatened the freedom of others or when attempts have been made to disrupt public order and security. We are constantly trying to adjust the actions of the authority to the mandate of the law, taking the risk of appearing to be tolerant of phenomena of social disorder. We have been consistent in seeking dialogue and negotiation to resolve conflicts. The authorities are always obliged to seek conciliation to prevent violence and discord among the Mexican people.

Social peace has not deteriorated. We recognize that this is not complete or perfect, that there are phenomena that threaten it and eventually interrupt it in isolated instances. However, Mexico has fortunately remained removed from a generalized situation of violence and disorder. Let all of us strengthen and improve the country's peace. This is a joint responsibility, but the government has the principal responsibility.

We are advancing in the task of strengthening our institutions and the democratic process with specific actions. We have committed ourselves to improving the practical division of powers between the branches of government. The executive branch has tried to keep the legislative branch informed of the actions of the public administration. As provided for by law, the officials of the federal government have appeared before the houses of congress to submit or explain projects (?or reports).

Officials of the executive branch meet frequently with members of the specialized committees of both houses of congress to submit reports. For the first time, the Chamber of Deputies has been supplied with quarterly reports on the progress of public finances and the nation's economic situation, which will surely allow the congress to better exercise its financial powers.

The Senate has invigorated its activity and influence in foreign policy, and I am generally pleased to recognize in the federal chamber a new, dynamic, and constructive attitude. The congress has diligently and efficiently fulfilled its attributions and enriched and adjusted the initiatives submitted by the executive branch.

We have also tried to provide the judicial branch with greater strength and dignity. The action of the law has a limited effect unless an efficient and respectable system exists for the administration of justice. In our constitutional system, the action of the judicial branch is the expeditious means to guarantee individual guarantees and to balance the conduct of the other two branches of government through the control processes of the constitutionality and legality of the acts of authority.

Therefore, I believe that the reform of the law and the administration of justice is one of the qualitatively most important changes that we must promote in our strategy of integral development. This program serves the purposes of complete democratization, equality in property ownership, and the moral renewal of society.

The federal executive branch has supported the process of administrative modernization and the reorganization of the working conditions of the federal judicial branch, which had been historically delayed in comparison to the legislative and executive branches.

The activities of the political parties and the election processes have been carried out according to the laws regulating them. The government has maintained a respectful and fruitful dialogue with the political parties. Meetings held between me, personally, with their leaders and with different officials were held in a climate of a free and respectful exchange of ideas. Unconditionally, we have expressed the agreements and the disagreements that exist between us.

Generally, I consider it is highly satisfactory to be able to state that, in spite of the difficult circumstances that we are experiencing, we have maintained a policy of dialogue and respect for the guarantees of the citizens. We have conserved and expanded the forms of political expression and participation of the minorities. Every association, group, or party that has wanted to express itself and criticize the government has done so freely. This has preserved the freedom of expression of ideas without restriction. This is confirmed by the daily events and the testimony of the people. Freedom of the press is verified through the press itself.

I reaffirm my contention that the democratic consolidation of Mexico demands the fullest respect for ideological pluralism and pluripartisanship [pluripartidismo]. Although the rules of a democracy are established by the majority, it is essential to respect the expression and participation of the minorities in the country's political life. This requires that respect be the standard of reciprocal conduct between the different political currents and that their actions always be exercised within the law. Pluralism cannot become an excuse to disrupt freedom, to undermine democracy, or to disrupt the legal order.

Let us together, government and parties, play a mature and responsible political game on the basis of what the Mexican people expect equally from all of us.

Elections have been held to renew the state administration of Jalisco, the local legislative bodies of Jalisco, Campeche, Chihuahua, Durango, Yucatan, Zacatecas, Aguascalientes, and Oaxaca, and 448 municipal administrations in 7 states of the republic. Special elections have been held in the states of Chiapas and Tlaxcala. The government and the local authorities have adhered to the law. We have fulfilled the responsibility of the state to guarantee the to the law by every political organization. We will continue to make every effort to perfect the electoral processes.

In relations with the states, their sovereignty has been respected. We have provided programs that strengthen and expand the participation of the related offices in policies of regional and state development. Through the Single Development Agreement [Convenio Unico de Desarrollo], the Federal Government and the state governments are coordinating measures to harmonize national and local interests.

The states' share of national tax revenues has been growing substantially. The strengthening of the states and municipalities is also a primary objective in our political development strategy through democracy and administrative decentralization.

Therefore, I attribute major importance to the reforms of Article 115 of the Constitution and to the process of drawing them up and putting them into practice. We have recently carried out a broad national consultation for that objective. This will be the first phase of the revision of the state, which is carrying out political reform. Social communication is an essential phenomenon of the political and cultural life of national development. The fundamental norm in this matter is freedom as specified in the Constitution and the laws.

In the National Development Plan, the social communication policy and its obligations have been specified, after having consulted the people in broad participatory forums. The government has reorganized itself with ample institutional emphasis on its own means. In order to make an impact, it has reinforced its official journalists organ, EL NACIONAL, and established the national institutes of radio, television and cinematography as decentralized bodies in an effort to give greater congruity to these activities and better service to the community. The policy of relations between the government and private communications media is stated in the Constitution and the respective laws.

The National Population Council has adopted a demographic development program that deals fairly with quantitative and qualitative aspects. Family planning programs deserve particular impetus, at all times respecting the freedom of choice and personal dignity of the couple. Concerning qualitative aspects, the demographic objective is to improve the quality of life and the general well-being of the population.

Moral liberation is not persecution. It is not measured by penal actions, nor is it at the service of revanchist attitudes of individuals or groups. It constitutes an effort to return to the integrity and trustworthiness characteristic of the republican form of government and to subordinate all personal or group interests to the interests of the nation. The responsibility of morally renewing ourselves is common to all of us, but the obligation to face this task falls to the government as the leader of society.

We have amended this legislation in view of the need to guarantee the effectiveness and proper behavior of public servants. We have modified the administrative organization of the state to control public measures and guarantee efficiency and honesty in the daily operation of the governments. With this objective, we promoted the creation of the Secretariat of the Comptroller General of the nation and sponsored reforms to put the functions in order and limit the responsibilities of several secretariats of state with the purpose of correcting errors and ratifying successes.

The government is doing its part in the moral renovation of society, not only through the activities of the new secretariat, but also through each of the branches and entities of the public sector. We are setting up a national system of control, supervision and evaluation, which will contribute to the rational and open use of the resources managed by the public administration so that the social patrimony (?will not be lacking) due to inefficiency or dishonesty.

This system of internal control of the executive will provide a better basis for the legislative branch to supervise, evaluate and demand responsibility from officials in the executive branch. Efficiency and honesty are not just terms to be (?written down). We will not sacrifice one for the other. We need both characteristics in public service. Through reforms to the basic code, the criteria were established to regulate the administration of the national patrimony, as were clear dispositions for the use, acquisition, and sale of public goods, in order to avoid acts subject to arbitrariness within the public sector.

The resources of the country's patrimony exist to serve the people -- not for individuals to help themselves to them. It is immoral to mix state finances with personal finances. The public function is not compatible with private business, especially when the latter benefits from the former.

On the one hand, we note the legal framework which regulates the management of public resources and establishes the responsibility of the public servants involved. On the other hand, we are advancing by means of the pertinent legal reforms to improve the public servants' working conditions through the initiation, (?in outline form) of a civil service system, which promotes personal excellence among those who serve society. Here a demand (?is noted), and the pact between public servants and the state is reestablished on the basis of justice, honesty, and efficiency.

The success of the government's programs depends on the dedication of the public servants. At this moment, I want to issue a call to all who have chosen to serve the people from the administration and public companies to assume this vocation with the high consciousness which the nation requires of all of us.

We have utilized the process of consulting the people to analyze the condition of our political system, the actions of bodies in charge of public security, and the administration of justice. On this basis, I will begin a legal and institutional reform that will have great impact on the day-to-day life of the people and will also tend to improve the quality of our social life.

After carrying out a consultation of unprecedented dimensions on the subject of the administration of justice and public security, precise information is now available with which to propose profound reforms in the areas of legal protection [amparo], penal justice, civil, family, administrative labor and agrarian law, laws dealing with children, the police and the government, as well as the organization of public security. Work has been done on these reforms with the purpose of submitting them for the consideration of this honorable Congress once the plans have been suitably completed.

In a broad consultative process, the preliminary plans for the penal code were announced. In accordance with public opinion, the corresponding initiative will be formulated.

Accordingly, in response to the public, the proper initiative will be opportunely and (?immediately) taken. We are determined to modernize and improve the organization of the republic's attorney general's offices and the (?administration) of justice of the Federal District. In order to accomplish this, we have placed emphasis on the tasks of selection, training, education, and development of the assigned personnel since the quality and honesty of their services depends on them.

The technical and professional education institute of the attorney general's offices operate in coordination with one another. The National Institute of Penal Sciences [Instituto Nacional de Ciencias Penales] took on the task of promoting and supporting the republic's attorney general's offices. In the necessary steps, we have adopted measures to purge the system, reviewed and implemented internal standards, and are promoting proper professional conduct in the actions of the public administration.

We have only proceeded to indict based on investigations which force us to assume, for these or other legal reasons, the presumed guilt of the accused. During the next few days, I will submit for the consideration of this honorable Congress various bills for organic laws concerning the republic's attorney general's office and the Federal District.

National demands call for the modernization and moralization of the police corps. Therefore, it figures among the prime objectives of my administration. We will continue to make efforts to have the police serve as a guarantee for the safety and tranquillity of the citizenry and to conduct themselves professionally in accordance with the law.

We have begun our work with the preventive and auxiliary police of the Federal District and with the federal and the Federal District's judicial police. We have dissolved police corps which lacked legal foundations, purging commands and undesirable individuals and indicting persons when their presumed guilt has been determined. But along with these punitive actions, we are reenforcing the training, education, selection, and supervision of personnel. We have implemented the expansion of the social security systems for the police and their families, retabulating their salaries, increasing and improving their equipment, and encouraging and rewarding the many policeman who act as true servants of society.

We are preparing various legal and regulatory projects to establish new standards for the police corps. What we have achieved is still unsatisfactory. It takes a lot of work to rectify what we disregarded and put off for so many years. We will continue with the task of providing society with a professional and honest police corps. I confirm my commitment.

My duty is and has been to safeguard the Constitution and the laws which it may generate. That has been my mandate. From the highest court of the country I commit myself to persevere in this endeavor until the conclusion of my term in office.

As supreme chief of the Armed Forces, it is my honor to report that the Army, Navy, and Air Force continue to honorably, patriotically, and loyally carry out their great responsibility of guarding the security of the nation. Our Armed Forces are an army of peace and of tireless work for the well-being and tranquillity of the citizenry. We are proud of our soldiers and sailors. The Armed Forces are making a great effort to take optimum advantage of the material and economic resources which the nation has assigned to the accomplishment of their objectives and the improvement of the living conditions of their members. They are working to realize their strategic plans for the security and defense of the nation as well as for improving their capabilities to support the civilian population and national development.

I particularly want to commend the contribution of the Army in the campaign against the production and traffic in narcotics, as well as the vigilance over and protection of our territorial waters on the part of our Navy.

The security of the nation rests on its domestic strength and on the search for peace abroad. This principle is part of the standards which rule our actions in foreign relations. At this time, civilization is characterized by growing interrelationships among nations. Whatever happens in any part of the world affects all countries. Today more than ever, isolationism and indifference in foreign relations is impossible.

The international situation is distressing. (?This can be seen) in all the conflicts and regional wars. The peace of the world is subject to serious threats, tensions multiply and negotiating attitudes have weakened. The money spent on arms and military hardware is foolish in the light of reason and the main cause of the economic and social crisis that has hit the entire world -- the East and West, the North and South. To a large measure, the international economy is part of these problems. [Word indistinct] the financial disorder (?causes) protectionism as international trade declines. Erratic fluctuations in the prices of raw materials are experienced, currencies become unstable, the cost of money skyrockets, oil trade decreases, and (?we experience) a lack of political goodwill for the establishment of international economic cooperation. As a result, each country tries to resolve its own crisis without regard for its inter-relations with the rest of the world.

Amid this hostile and unfavorable situation, Mexico's foreign policy continues to be based on clearness of purpose and action and on the firm principles which we have established over more than 150 years of independent life: the self-determination of peoples, nonintervention in the internal affairs of other states, the peaceful settlement of controversies, the legal equality of states, and international cooperation for development. The primary goal of the foreign policy we are conducting is the protection and promotion of domestic interests without disregard for our obligations as a responsible member of the society of nations.

We actively participate in the various forums of the UN organization. I call special attention to our actions in the UN Security Council and in the organisms charged with procuring disarmament agreements as well as those (?dedicated) to economic, social, and cultural matters.

Latin America and the Caribbean have occupied a significant place in Mexico's foreign policy. Our extensive diplomatic activity to contribute to achieving a political settlement in the conflicts of brother countries in Central America has been particularly founded on historical principles and the sovereign interests of the nation. We have concentrated our main actions on the efforts of the Contadora Group made up of Colombia, Mexico, Panama, and Venezuela.

During the meeting of presidents last July, we agreed to the general directives of a peace plan that we proposed to the Central American countries. In addition to calling for strict compliance with the basic principles which guide international relations, the plan called for political agreements between countries in the region that would lead to effective control over the arms race, the withdrawal of foreign advisers, the creation of demilitarized zones, the prohibition of the use of the territory of one state to conduct political or military activities for the destabilization of other states, a (?halt) to the arms traffic, and the prohibition of other forms of aggression or interference in the affairs of any of the countries of the region. The presidents of the Contadora Group conveyed (?the plan) to the heads of state of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, calling on them to contribute their political goodwill so that the proposals made in the Cancun Declaration, aimed at establishing the pacification of the area, would be able to achieve full (?meaning).

Only through cooperation and dialogue will it be possible to achieve a firm and lasting peace in the area. We also addressed the heads of state of the United States of America and Cuba, appealing for their support in the peace efforts of the Group.

Since the meeting of the Contadora Group, our actions have contributed to halting the imminent dangers and reducing the risks of a general confrontation in the region that could certainly affect us. To confirm our determined desire in support of the process of development in the area, we recently renegotiated the program for energy cooperation for the Central American and Caribbean countries.

At a meeting with Brazilian President Joao Baptista Figueiredo in Cancun, we reached important agreements on disarmament, the Central American situation, the revitalization of the North-South dialogue, and Latin American cooperation. Bases were established for cooperation between the two countries, principally in the areas of capital goods, steel, and petrochemicals.

We have attempted to establish direct relations with the heads of state of those nations with whom we share common aspirations and problems.

I had the opportunity to hold talks with the presidents of Brazil, Colombia, Spain, the United States, Panama, Venezuela, and with the Queen of Great Britain. Recently I received the Belizean prime minister.

In our relations with the United States, we have maintained a dignified, cordial and diplomatic dialogue. The subjects discussed included bilateral relations on trade and finances, attention to the common border problems, and the protection of the interests of our citizens in that nation. In a climate of rising protectionism, we have insisted, particularly with the United States, on the need to find solutions that will permit increased trade between our countries. The vigor of commercial relations must necessarily be based on increased Mexican exports, principally to the United States, to other developed countries, and to the Latin American region.

At a recent meeting with President Reagan in La Paz, I was able to express the feelings of Mexico to him on bilateral problems and other problems of the region. We reaffirmed the climate of cordiality and respect in our relations, systematic dialogue in good faith to solve problems and expand cooperation, and agreement to continue negotiations on a series of matters of importance to our ample and complex relations. The objective of these negotiations is to solve differences and to expand agreement for the reciprocal and equitable benefit of our peoples. The maturity of our relations permits us to deal with our differences calmly and frankly.

The prestige achieved by Mexico's diplomatic activities has gained strength in the principal international organizations. We had significant participation in the meeting of the Movement of Nonaligned Countries as an observer, in the Group of 77 on the subject of the United Nations, and in bilateral commissions with all the countries of the world emphasizing Latin American solidarity. The strength of our foreign policy is based on our principles and the capacity that we are demonstrating in facing our problems which has reinforced our national sovereignty based on and in favor of the consolidation of internal unity and our perseverance in the search for peace abroad.

The economic policies have been confronted with challenges unprecedented in our history due to their magnitude and complexity. In the face of the population and social pressures, the material bases to accelerate opportunities for growth, employment and sources of income were disrupted. To combat the crisis, it was necessary to make drastic economic adjustments that would inevitably exact a social cost. However, this would have been much greater and more painful if the government had not taken the initiative to solve the crisis. This would have led to a situation of [words indistinct]. Harsh and sometimes bitter, but necessary, measures had to be taken. The challenge consisted of implementing these measures with equity to distribute the social cost of the adjustment with justice and avoid having the weight of combating the crisis fall on the least favored groups.

Simultaneously, it was necessary to face the crisis with a new vision: to convert the economic adjustment into an opportunity to act on the structural deficiencies of the economy and to make basic changes to reestablish our capacity for growth and strengthen the economy on permanent and efficient bases of social justice.

The 1983-1988 National Development Plan incorporates this strategy and we are implementing it with efficiency, discipline, and determination. The short-range economic reorganization plan constitutes the reply to confront the crisis and to create the minimum conditions for the normal functioning of the economy. Its (?actions) are directed at fighting inflation and currency exchange instability, to protect employment, basic consumption and production, to maintain the sources of jobs, and to prevent the destruction of what has been created with so much effort. This will help us to recover the capacity for growth on various bases.

The proposed program seeks to eliminate inflation and its concurrent social disruption. We will not accept permanently coexisting with inflation because this damages the basis for growth and employment. We have maintained that by accepting the automatic adjustments in prices and wages, we would only perpetuate inflation and, what would be worse, permanently degrade employment and real wages, as has happened in countries where these mechanisms have been established. Chronic inflation can only lead to recession, loss of employment, and social demoralization.

No one more than the people, the housewives, breadwinners, the middle classes, and the working classes have become aware of the terrible consequences of inflation, which affects the majority of classes most. The countries that have lacked the will to fight inflation have fallen into stop and go economic policy schemes, damaging and distorting their development process. In the fight against inflation, we have acted in such a way as to be able to coordinate demand to the production capacity under the present conditions. In this effort, we are determined to reduce the public deficit by selectively adjusting expenses and strengthening income.

The reduction proposed as a proportion of the [gross] national product is from 18 percent in 1982 to 8.5 percent this year.

We are attaining this unprecedented goal at both the national and international levels. As of July, the total public sector deficit was calculated to be less than 500 billion pesos, which represents 33 percent of the annual goal and a 64 percent reduction from 1982 in real terms.

This has been the result of the measures placed in effect and the implementation of the policy of public spending and income. We submitted an austere budget to the honorable Chamber of Deputies based on criteria of selective adjustments and clear priorities. We are determined to do more with less, making rational use of our resources, and making sure that the budget is used as planned. Spending has been maintained within the program despite a budget situation that was more difficult than expected. Thus, we have reduced 55 percent of the authorized budget by means of this discipline.

The limitation on the growth of public spending has given priority to those programs needed to maintain indispensable social services -- education, health, social security, and justice -- and to support regional development, rural development, and the transportation infrastructure. These actions have made it possible to continue to attend to society's most pressing needs. Thus, the health and social security services which include 63 million people through all of the health systems, have been maintained

Enrollment in the educational system has also gone from 23.8 million in 1982 to 24.6 million in the current school year.

Despite the restriction on resources, we have selectively maintained an investment program for the explicit purpose of supporting the creation of jobs, the generation of foreign exchange and savings, and the conclusion of very advanced projects with important potential for supporting production.

In a society such as ours, one of marked contrasts and enormous social needs that must be met, we cannot seek to adjust the public deficit exclusively by restricting expenses, for the resulting social cost would be intolerable. For this reason, within the task of reorganizing public finances, we have attached importance to strengthening income. To this end, I submitted fundamental measures to this honorable Congress that are intended to expand the fiscal reform while implementing a policy characterized by realistic prices and rates.

In order to distribute the fiscal burden more equitably, the tax-collection system has been modernized and updated. Direct tax payment has been made more progressive and equitable, while means of overall revenue control have been perfected for both individuals and enterprises. A 10 percent surcharge was established this year for those taxpayers whose annual incomes exceed the minimal wage by a factor of 5, while rates for lower-income sectors have been (?scaled down). The purpose is to have those groups with more resources contribute a larger share of the adjustment costs.

As for income from capital, anonymity in shareholding and other certificates payable to the bearer has been eliminated. This is the central element in a genuine fiscal reform that will make the tax system more equitable by eliminating one of the major sources of evasion.

In terms of indirect taxes, which is the only tax area with a real capacity to generate short-term revenues, the general IVA [value added tax] rate was increased from 10 to 15 percent. However, in order to make this effort more equitable, a 20 percent rate was established for luxury goods and services, while the exemption for staples and house rentals was maintained and the rate for most industrialized foods and medicines was reduced. Thus, half of the consumption of low-income families was exempted from this tax.

Decisions have also been made to increase the public sector's prices and rates, especially for those goods purchased most frequently by the high-income groups, thus eliminating the negative effects of subsidies that have produced a greater concentration of both income and wealth. Although these increases represent inflationary pressures over the short term, they are needed to reduce inflation. Granted, this paradox is not always understood. The adjustment of public prices and rates means a selective increase in income. If the state does not have these revenues to cover the expenses that society demands, then it must resort to inflationary financing of its deficit, thus permanently encouraging the growth of prices. This hurts the entire society indiscriminately, instead of affecting those who have a greater capacity to absorb inflation. So as not to hurt the less favored groups or to weaken the production capacity by introducing feedback into the inflationary process, we are finding healthy and more just financing through realistic taxes, prices, and tariffs. The income strategy that has been adopted has made it possible to strengthen public revenues, in turn making it possible to improve the financing of expense programs.

By June, total budget revenues amounted to 2.965 billion pesos, a growth of 124 percent. This growth is slightly higher than was foreseen, despite the fact that some income areas have experienced a less dynamic growth than had been expected, as was the case with the IVA. This has been compensated for with higher revenues in other areas, particularly in the area of income tax, and in that of revenues from domestic and foreign oil sales.

The money in circulation, which was growing at a 75 percent rate in November 1982, recorded an average 55 percent growth as of August. The substantial reduction in the deficit had a fundamental effect on this, and we did not resort to the artificial creation of money to finance the deficit.

A flexible and realistic policy on interest rates has been maintained in an effort to strengthen financial involvement and to retain domestic savings. By this, we hope to encourage savers so as to develop loan resources and to reconcile the effects of inflation with our exchange rate policy and with the true financial returns offered by other economies.

In the past few weeks, we've been observing a slight but consistent decrease in interest rates, which is primarily linked to fewer inflationary expectations. The results have been positive, as savings are four times greater than those of last year. Therefore, the number of loans granted has nearly doubled, particularly since May.

On 1 December, I promised that the nationalized banks would belong to the people rather than to a small majority of leaders. I set out to guarantee that the people's savings would be honestly and efficiently handled and I promised to channel them toward our national priorities.

Progress has been made toward the establishment of legal and administrative rules for savings based on Article 28 of the Constitution, which established regulations for this service, defined new traits for banking institutions as national loan associations, and provided for the creation of government agencies to efficiently watch over each of these institutions. In addition, in an effort to rationalize their operation, we have begun to merge the nationalized banks into more compact organizations in order to decrease their operating costs and increase their productivity.

In the decree nationalizing the banks, we said that just payment would be made as indemnification for former owners. We began to evaluate each bank's case in December, abiding strictly by existing regulations on this matter. We publicly established clear rules, criteria, and procedures for examining each line of assets and liabilities. The viewpoints of those who were directly involved have been explained and the savers' interests have been taken into account. The process to determine the amount of indemnification was long and difficult because of the care taken and the scope of the work involved. We (?have concluded it) and have now begun the indemnification. The payments will be made through 10-year term government bonds with 3-year grace periods. The interest paid on these bonds will be redeemed at market rates on a quarterly basis. We have acted scrupulously, with justice, and in strict adherence to the law, avoiding immediate monetary disbursements in order to protect our limited budgetary funds.

When we complete the bank indemnification process, my government will begin a gradual but thorough reorganization program for the Mexican banking and financial system. I stress my commitment to ensure that the nationalized banks are operated on the basis of meticulously technical and scrupulously honest criteria. Our goal will be to deal with public savings with absolute protection for the depositors and to channel these funds in accordance with the priorities in our national policy. [Words indistinct] efficiency and without subjective discrimination against loan users. The government of the republic guarantees the funds that have been entrusted to Mexican banks. They will be managed with an objective and professional approach.

We will protect and give incentives to banking employees. Banks will not be made the object of political rewards. The guidelines for a [word indistinct] policy will serve as groundwork for banking legislation that will be thoroughly revamped. We are now devoting ourselves to the study and drafting of this legislation so that the honorable Congress of the Union can examine it in 1984.

The settlement of our foreign debt was indispensable to the restoration of our trade, tourist, technological, and economic ties abroad, for our international prestige had been seriously damaged. After complex negotiations with the international financial community, we were able to reorganize the public sector's foreign debt and have made progress in negotiating that of the private sector. The final agreement was signed on 26 August.

By mid-1983, our public foreign debt amounted to \$60,009,000,000 in comparison with \$58,864,000,000 in December 1972. Its growth rate is substantially slower than it was in the recent past. This is due not only to the declining availability of savings abroad, but to our own disciplined decision to remain within the debt limits authorized by this Congress in December. We are reporting on this debt on a quarterly basis.

The efforts at restructuring have almost completely reduced short-term debts, which came to represent more than one-fifth of the total in late 1982. Thus, as a consequence, the country will avoid having to meet due dates on some \$800 billion this year.

In 1983, the foreign debt will not increase by more than \$5 billion, unlike 1981, when \$19.6 billion came due, and 1982, when the figure was \$7,719,000,000. In the next few years, the growth of the debt will be controlled and will be carefully and subtly handled so that it will represent a decreasing proportion of the total financing.

We will continue to seek foreign credit as a complementary factor for long-term projects that require a high (?rate of) imports, but there is no doubt that future economic development will have to be primarily based on internal effort.

The restructuring of the foreign debt makes it possible to have access to sufficient resources to acquire the most essential imports if we pursue a policy of selective foreign purchases based on the most essential and urgent needs.

There has been an interruption of the (?foreign exchange) flow to our country, which has caused irreparable damage to our productive structure. Imports for the private sector, which were \$161 million in January of this year, totalled \$407 million in July. In order to recover national control and stabilize the exchange market, as well as to overcome the virtual suspension of payments abroad which occurred after August 1982, we implemented a new exchange policy. Control of exchange was simplified and a controlled market was created for priority imports, exported merchandise, and payments on the public and private debt. For other operations, a free market was established.

The new system has worked. We have restored monetary sovereignty, which has made it possible to increase the available foreign exchange and resume the punctual servicing of our debt. The adjustment of the foreign sector has surpassed all expectations, and although it was initially the product of a drastic reduction in imports, in the past few months there has been a noticeable reaction in exports, especially manufactured goods, which have increased from \$189 million in January to \$330 million in July.

These results in the operating accounts have made it possible to generate a surplus of \$2,657,000,000 as of June, which in turn has made it possible for us to punctually meet our financial obligations abroad and strengthen the international reserves of the Bank of Mexico, which as of yesterday totalled \$3,552,000,000, while on 30 November 1982 they totalled only \$1,751,000,000, with an exceptionally low amount of liquidity.

The present reserves, which are still insufficient for a normal situation, nevertheless mean a broader margin of maneuvering that we did not have a few months ago to handle unexpected situations. This situation has had and will continue to have positive effects on the stability of the exchange markets, the financial situation of businesses, the availability of foreign exchange, and confidence in our country's ability to meet its international obligations.

The strategy for fighting inflation also includes actions to maintain and, where possible, to increase supply. The reorientation of public spending, programs to defend the productive structure and employment, and moderation in labor-management negotiations, which have sought to protect jobs, are the main factors that have made it possible to halt the decline in production that was noted in late 1982.

We had to accept gradual price increases linked to production costs and a reasonable profit for the producer. If we tried to freeze prices by decree, we would generate not only greater inflation, but also a drastic decline in production, and a substantial reduction of supply. The government has sought to maintain price controls primarily on basic goods and services. We propose to fight abuses and speculative maneuvers. This policy will be inflexible and firm.

My government asks for the cooperation of the people and consumer groups for these talks. Consumers are the beginning and end of the processes of production and distribution of goods and services.

A strategy for the modernization of commercial activity is being applied on their behalf. In the short term, we prompted supply and the purchasing power of wages through the supply production program and people's basic diet package control. In the medium term, we will rationalize the various aspects of supply services, particularly those foods of vegetable, animal, and fish origin, through the establishment of a national supply system.

Despite efforts, the supply of products to the family basket has been insufficient in some areas. Measures are being taken to have sufficient supplies in every important line of the people's diet.

In response to the initiation of efforts for the supply production program and control of the people's basic diet package, the system showed an increase in levels of production of industrialized staples and strengthened its distribution channels and action plans to supply the country's various sectors.

The effort made is beginning to show in changing prices. We have prevented their rapid increase. The hyper-inflationary process has been defeated and monthly levels have begun a downward trend. While in 1982 inflation climbed from 30 percent to more than 100 percent during the year, the monthly levels have descended during 1983 from more than 10 percent in January to less than 5 percent in July. We recall that at the beginning of the year, there were some who predicted that in 1983 the annual inflationary rate would be between 150 percent and 200 percent. Unfortunately, we must admit that the fight against inflation cannot have spectacular results in a short period. What else would the government want? The objective is that prices increase less each time, and this we are managing to do. We will firmly persevere with an orderly and equitable effort.

Our action has not been limited to taking care of the most urgent problems. We have planned and implemented actions to bring about qualitative changes in the economic structure, to review attitudes and renew styles, to improve orientation and development quality, and to make this a firm and sustained process.

We are trying to establish the bases to improve the distribution of the fruits of development. Domestically, we need better quality production to provide the opportunity to meet both the demands of the majority and reduce dependence on foreign sources, to distribute without an excess of intermediaries to benefit the consumer and the producer.

Structural change will promote more balanced territorial distribution of productive activities by strengthening the province and reducing the excessive growth of the metropolitan zone of Mexico City. This means that we must finance our development on firm, healthy, and durable bases by fundamentally supporting an internal effort and converting Mexico's great potential into a permanent process of transformation and growth.

My administration plans to promote a scientific and technological development policy that permits greater control over our material resources and improves the reception and absorption of useful knowledge from abroad. We seek to obtain a major contribution from research for the solution of problems faced by our collective community. For this we need to depend on human, financial, and material resources engaged in research work. We have promoted the training of human resources by establishing priority areas and favoring national institutions. We plan to encourage domestic demands to utilize national technology. To date, we have 27 technological packages to be transferred to the private sector and to the public production sector.

Several measures have been taken to give industry technical support to solve its problem, which are making the replacement of imported goods difficult. The definite change we are seeking also involves more efficient integration of official and private sectors under the state's leadership so that each sector fully assumes its responsibility in development tasks with consideration for the supremacy of the nation's interest.

The qualitative change also demands recovery of the bases of social development, which not only depends on strengthening the private sectors, but on the capacity reached by the industrial plant to meet the people's basic needs; to achieve growing integration of the productive apparatus; and to be efficiently linked to the outside world. For this it is necessary to broaden the domestic market and for federal economic policy to be congruent with the industrial development that will definitely promote that sector. The objectives of industrial development and foreign commerce are to promote production for the people's consumption, to support self-sustained economic growth, to promote exports, to help in territorial decentralization and to propitiate the consolidation of a national industrial sector that is dynamic and efficient.

Our country consistently appears among the world's 15 leading countries in various social and productive infrastructure indicators. This shows a great potential, which we must preserve and transform into development capacity and growing well-being. We have advanced in this direction. We have channeled the protection of our productive activities toward key elements, such as basic and capital assets and chemical, petrochemical, and export products. In order to contribute to the reactivation of capital goods production, we have established or strengthened the supplying consultative commissions in the primary state-run companies so that when they purchase machinery and equipment, Mexican products are given preference. An example of this was the signing of a 265-billion-peso purchasing plan for PEMEX with representatives of our national industry, of which 70 percent will be acquired locally.

Industrial development is closely related to the magnitude and structure of our foreign trade. Therefore, our policy of effective protection seeks efficient links with the international economy by promoting our exports, particularly of non-petroleum products. Thus, in addition to maintaining a realistic exchange rate system, we implemented a package of immediate actions to support our exports. Within this program, we eliminated the need for export permits in 94 percent of the cases. We have simplified the procedures for temporary imports of export products, leaving only 186 items subject to authorization.

We must implement a package of immediate actions to improve our foreign trade situation. We have streamlined procedures to strengthen financial and credit support to the export sector. Export is now our highest priority task.

The industrial development plan and foreign trade -- under the perspective of structural changes -- seeks to increase the level of industrial branches, as well as to improve their competitiveness. The program's strategy will give priority to those branches with the highest demand, which use national products to a great extent, and which generate a demand for capital assets which can be efficiently produced in our country.

On a short-term basis, we have sought to preserve the levels of production and employment. With a great effort, and thanks to the workers' responsible attitude of solidarity and the managers perseverance, the program has begun to show results. We have managed to halt the progressive deterioration of production, although some of the productive branches have significantly cut back, including the construction and steel industries and some activities in the manufacturing industry. This will result in a drop in this year's production figures.

Public enterprises are an important instrument to achieve our national objectives. They strengthen state control in our economic and social life. Under the bulwark of our nationalism, they largely operate in strategic sectors, thereby constituting an advancement in technological modernization. Their operating scope is defined in the Constitution and laws, or has been established according to our development needs. In most cases, the importance of their projects, the resulting capital requirements, their minimal short-term economic profitability, and the need to keep these activities under national control have made and continue to make private capital participation impossible. Our national development largely depends on the activities and results of these national enterprises, and this has prompted us to reorganize state-run companies. We have issued general regulations for the operation of these enterprises in the economic and administrative areas, outlining the general guidelines for each responsibility at the various levels and describing the authority of regional coordinators and branches as a whole, in activities such as planning, budget, finances, and control.

From an economic point of view, the strategy of public enterprise depends on the restructuring of finances, on rational use of foreign exchange, on the creation and implementation of programs to increase productivity and employment, and on the efficient linking of actions to a general economic and social policy that will contribute to the structural transformation of the economy.

My administration will maintain and increase the development of semi-state industries to the extent this is necessary for the country's economy, while being highly selective. The national development plan sets the path and gives priority to capital assets and their components, to strategic inputs and branches of utmost importance to the well being of the lower income population. At the same time, the state's participation in activities not having to do with the above priorities is under revision. This is the case of small and medium enterprises which have little influence on the behavior of their productive branches. Mexicans will be given preference in the acquisition of these enterprises, also ensuring the continuation of productive activities and employment.

The tasks that the state has ahead are many; the needs for investment, organization, and administration are greater than the state has the capacity for and cannot [word indistinct], and it would be irrational to attempt to indefinitely take on more branches of activity. We are not attempting to nationalize the economy. We have a system of mixed economy that demands a balance between the activities of the state and the private sectors. We prefer to have a strong and efficient state rather than an obese and incapable state. Fulfilling the objectives which have been assigned to the public enterprises will be the challenge for a responsible and modern administration. Experienced professionals and technicians have been appointed to direct these enterprises, avoiding improvisations that have meant an onerous burden for the people of Mexico. We will promote a public service career that will give permanence and will guarantee contributions to the public enterprise in national development.

A thorough review of the policies and strategies for rural development will be requested. In that area, we are fomenting a strategy to reconcile a sustained increase of production with the attainment of greater levels of justice and welfare for the peasant population. The agricultural sector presents serious problems when compared with other areas of our economy. It has low productivity levels, production has been insufficient in regards to the increase in demand, and it has forced us to import heavily. The peasant's low income is the main cause for social inequality.

With the knowledge that the organization and participation of the peasants is essential to carry out the qualitative changes that are required, we have decided to grant legal security to the various ways in which the land is worked. We will implement an integral agrarian reform that will improve the terms of exchange between the country and the city; reorganize the support given to production; and join the various agricultural activities with the industrial and commercial sectors. This decision is supported by an addition made to Article 27 of the Constitution that establishes state responsibility in promoting rural and integral development. For this, we have begun working on the different policies related to land so that we may maintain the productive activity of the agricultural sector and later reverse the decapitalization that has characterized this sector and increase the income level of its population.

To distribute land to those peasants who don't have it is a factor of social justice. We are making way toward a broader and more modern approach that links the distribution of the land with the certainty that the land is theirs, with peasant organization, and with support of the production. As part of this policy, we advanced in the distribution of legally attachable land. Each day it becomes more difficult to find legally attachable land. However, respecting the law and with high hopes, we are working as fast as became possible.

I have signed 147 resolutions that benefit 16,423 peasants with 704,000 hectares. Many of these resolutions had been pending. We sped up their implementation once we aware that the land was available. For us to have production in the country, we must have certainty and trust. This is why we have given priority to the handing out of documents that prove the rights of the ejidatarios, joint owners and small landowners. In a rural inventory, an essential factor to identify limits and the legal situation of the land, we have recorded 23 million hectares, one-third of the states covered, and have attached more than 9 million hectares and distributed the land titles.

We are also working to speed up agricultural procedures, and for this we have signed advantageous agreements with the governments of 16 states of the republic. Through the committees that have formed, we have been able to reduce the amount of paper work -- in the past involving 43 separate actions -- to only 8 to complete the procedure, considerably cutting down on time. All agricultural problems will receive a speedy and honest hearing that will end with a positive or negative solution. We will promote agricultural rights, but we will not raise demagogic hopes. Much less will we allow the violation of legitimate rights. In the area of basic agrarian organization, we are planning and fomenting the integration of rural development units. With this we will attack head on the serious problem of tiny land holdings, be it [word indistinct] or small properties, enabling the reorganization of support for production. For this purpose, we have formally begun work to convert 3,500 ejidos into authentic units of rural development. To foment production and increase the payment made to the peasants, the guaranteed prices were increased. Some of these prices were increased substantially. Wheat was increased by 103 percent, corn by 81 percent, and barley by 180 percent. We recognize the need to continue increasing agricultural prices so that they will not be below cost and the need to improve the terms of exchange in favor of the country.

We have also implemented new research and technology programs to modify forms of cultivation in order to better utilize the characteristics and potential of the soil. Despite limited resources, we have promoted the creation and preservation of the agricultural structure. In this regard, we have opened up 117,000 hectares to irrigation and rehabilitated and improved 51,000 hectares in irrigated districts and 178,000 seasonal areas.

The effort made and the response of the peasants make it possible to foresee that this agricultural year will be much better than last year. The figures for the winter season were better and the rainy season has begun well this year in almost every part of the republic.

We have made an effort to improve programs for the countryside. In April, the national agricultural and forestry program for 1983 was released. This program is based on a tillable area of 19,696,000 hectares, of which 4,534,000 were in the 1982-1983 winter season while 5,162,000 were in the spring and summer of 1983. Of the total surface, 67 percent is allocated for 11 basic crops: corn, beans, rice, wheat, sesame seeds, cotton, cardamom, soybeans, sunflower seeds, barley, and sorghum.

In this program, seasonal agriculture represents 63 percent of the total and only 27 percent requires the aid of irrigation. For this reason, it is difficult to make exact forecasts, because the final result depends on the rainfall and in some regions on the frequency of hailstorms and frosts.

The peasants are doing their job, and the government supports them to the maximum possible with resources and subsidies. The crops have been planted and the cultivation process is underway. Therefore, taking into account the limiting factors mentioned, the 1983 harvest can be estimated at 27.5 million tons.

We will complement popular supply with 8.5 million tons of imports of corn, sorghum, and soybeans. We will be self-sufficient in wheat, rice, beans, sesame seed, cotton, cardamom, and barley. We will export fruits and vegetables. The results of the livestock program during the first half of this year are generally satisfactory. In milk alone, there has been a 17-percent increase. Where meat on the hoof is concerned, there has been a 38-percent increase in the annual goal. The goals for eggs and honey have been surpassed, as have the goals for meat and poultry.

In the area of forestry, a renewed effort is being made to better utilize forests and jungle areas. We support the organization of producers and their training in the process of extraction, industrialization, and marketing. The infrastructure for fighting forest fires has been reinforced, and we have stimulated reforestation by planting 8 million trees on 3,583 hectares. These are two tasks in which the army is working effectively.

A number of measures have been taken to improve the administration and operation of parastate enterprises in the area of forestry. Realizing that public agricultural institutions have had low rates of efficiency and productivity for several years, we have decided to promote a review and organization of them. The aim is to achieve, in this 6-year-period, substantial progress in the levels of efficiency and honesty in that sector of public administration, since to a great extent what happens in agriculture depends on that sector. I ask the officials and employees of that sector to give their most enthusiastic cooperation. Similarly, I ask state governments and peasant organizations for vigilance and participation. We must all fulfill this duty, which is required of us by the nation.

As a strategy to increase the supply of basic products, we have acknowledged the important role that can be played by fishing. Development of its potential requires the overall and balanced participation of the public, social, and private sectors. For this reason, we will continue to support genuine cooperatives and to encourage the participation of the private sector so that, in conjunction with the state's fishing enterprise, they may contribute to the better development of the sector. Thus, joint activities have been initiated in different phases of fishing, prominent in which is the operation of 80 boats in an association with cooperatives and outfitters; the operation of 14 shrimp plants in partnership with cooperatives; the construction of a processing plant in Guaymas, where the cooperatives are associated with the state government; and, in association with local capital, the construction and operation of another plant in (Guabaro), Sonora.

To improve awareness of our fishing objectives, we have begun a national program of protection, evaluation, and investigation of the resources of our exclusive economic zone, with the participation of the scientific community, centers of higher education, cooperatives, and private individuals.

Since it is a natural resource and a public concern, we have proposed an integral water policy that guarantees optimal use in accordance with the priorities established by development. I have given instructions to carry out and advance as much as possible the national hydraulic program, over the medium- and long-term, because water is one of the major limiting factors in our development. We are making extraordinary efforts to supply the country's centers, and we have carried out actions to rationalize its use and to avoid waste. Outstanding for their importance are the works in the aqueducts of (Punta Mala) and Linares, as well as the Chapala Lake hydraulic system.

A total of 44 potable water systems are currently under construction, as well as the construction of the [words indistinct] of Monterey. In addition, the laws on the usage of water are currently being reviewed, and the present rate system for the various uses is being studied, taking into consideration the users' payment capacity and the national priorities.

The idea is to make the energy sources a more effective means of advancing the process of industrial integration. Actions have been undertaken to guarantee self-sufficiency in this field; to promote development in terms of better integration, and to increase productivity, efficiency, and the honest handling of the sector's enterprises.

As for hydrocarbons and its basic [words indistinct], the strategy is fundamentally aimed at guaranteeing self-sufficiency and reorienting the demand for capital goods and inputs toward the national market, at cleaning up PEMEX financially through the periodical revision of prices and the increase of its productivity, and at obtaining a higher added value in terms of foreign sales.

The platform for production of hydrocarbons has been maintained in order to guarantee domestic supply along with an average oil export volume of 1.5 million barrels per day. The production of crude oil from January to August totaled 2.661 million barrels per day, and that of natural gas totaled 4.109 billion cubic feet per day.

I reaffirm the commitment to renew the administrative order of PEMEX in order to increase its efficiency and productivity and to encourage honesty in its operations. The new PEMEX, the country's most important public enterprise, must be a source of pride for Mexicans. This is demanded by the spirit of the nationalization brought about by [former President] Lazaro Cardenas.

In regard to our participation in the world's oil market, the responsible attitude reflected in the limitation of oil exports in accordance with what is truly demanded in sustained fashion, and in the introduction of modifications in the prices of the Istmo and Maya varieties in line with true market conditions, has been recognized as an important factor in preserving the stability of the world market. We have maintained a policy characterized by dialogue with all the parties involved, thus contributing to rationality in the market.

The development of the electrical sector continues to deserve priority attention. The major challenges that we are facing in this sector include financial deterioration, the necessary administrative integration, and its technical consolidation. It is essential to overcome these challenges in order to culminate the process of nationalization of the industry. In order to strengthen the sector's finances and reduce its excessive dependence on external credit, we are implementing austerity in expenses, realistic rates in terms of supply costs, capitalization of debt, and budget allocations to promote national industry. We have adjusted the administrative and organizational systems in order to increase productivity and raise the indexes of operational efficiency. In the technical aspect, we have proceeded to rehabilitate the thermoelectric plants in order to increase their output by 15 percent.

Plans are being drafted to make better use of the country's hydroelectric potential, to continue advancing the field of geothermics, to make more use of coal to generate electricity, and to incorporate nucleoelectricity into the country's energy panorama under conditions of efficiency.

In the area of mining, important expectations exist in terms of its support for the national development. To the country's mining tradition, one must add its proven capacity in this fundamental industry. The development programs for the small-and medium-sized mining sector have been strengthened in the area of credit, the expansion of capacity of the regional plants, and technical assistance.

The exploration strategy, a fundamental instrument for the conduct of this activity, has been reoriented by regionally concentrating the efforts in those projects that offer the greatest possibility of immediate development for the production of those minerals with established international markets or those which we have provisionally imported. The favorable balance of the commercial iron-steel-metallurgical area increased by 103 percent during the January-April period, compared to the previous year.

In the iron and steel industry, the production goal for 1983 is set at 4.3 million tons. This will make it possible to maintain the productive plant in operation. This industry and the expansion programs have been seriously affected by the domestic situation. A large export effort is being made in order to keep the plants operating. So far, \$115-million worth of those products have been exported. This is more than a threefold increase. Within the existing restrictions, 2 million tons of liquid steel will be produced to adjust its rate to the new conditions. The capacity of Altos Hornos de Mexico will also be expanded to 4.2 million tons.

These projects will meet foreseeable needs during the present administration. The 1983 production goal for the fertilizer industry was set at 4 million tons, 6 percent more than the level reached in 1982. The delay in the rainy season in some parts of the country, and the financial difficulties, have resulted in a 10-percent drop in demand for fertilizers. This means that there will be a decrease [words indistinct]. Regarding projects for this industry, we have the urea plant in Pajaritos de la Cruz which will begin operations in March 1984 and that of phosphatic fertilizers in Lazaro Cardenas, Michoacan, whose first installations will be built in 1984. They will permit an increase in the plant production capacity to 6.5 million tons, and thus achieve self-sufficiency in nitrogenous and phosphatic fertilizers.

This administration is committed to reversing the negative trend that the sugar industry had been experiencing. For this reason, we began the reorganization of this industry with the creation of Azucar Incorporated, which comprises the duties carried out by the National Commission for the Sugar Industry and the Union of Sugar Producers. This reorganization has improved the administrative apparatus and [words indistinct] decisions of substance on the federal government. This year we achieved the highest sugar production in our history -- 2,893,000 tons. This is 21 percent higher than the established goal and allows us to advance toward self-sufficiency in sugar.

Within a framework of integration and improvement of the shipping industry, we began to build five 45-ton tanker ships, [word indistinct], and tugs for PEMEX. The first 22-ton loose hold ship has been launched and it will serve the needs of the fishing sector.

The parastate enterprises in the paper sector will increase their production to 325,000 tons, 12 percent more than last year. In 1983, production capacity will be increased by 100,000 tons. This will permit a considerable increase in the participation of state enterprises in the production of [word indistinct] paper.

The parastate industrial sector has [word indistinct] and reorganized its plant production, giving priority to industries with a strategic and fiscal value. Projects viewed as relevant for the country's development have been continued. The necessary actions to reorganize the parastate industrial sector are being carried out in order to determine sectorial and subsectorial policies coordinating the operation of these enterprises.

The actions of the transportation sector have received priority attention because of their effect on the job market. Priority has been given to projects which involve a high degree of development and which may be put into operation within a short term. Those that have been started recently -- with the exception of those begun in economically poor areas which would have a direct effect on the conservation and creation of productive jobs -- will be postponed.

A large volume of investments has been devoted to the maintenance and modernization of the country's road system. This is an unavoidable need. A special effort has been made on roads in areas where the drought seriously affected peasants and their economies. In the program for the modernization of the primary highways, we proposed a substantial improvement of 800 km and concentrated resources [words indistinct]. Work has been continued on the Coatzacoalcas and [name indistinct] bridges.

We have budgeted the construction and maintenance of rural roads for 1983. The budget for this amounted to 12,250,000,000. These funds will be used to improve a network that surpasses 75,000 km of rural roads. Approximately 6,000 additional km will be built, thus benefitting peasants in the states of Durango, Aguascalientes, Zacatecas, Michoacan, Jalisco, Guanajuato, Guerrero, and Oaxaca.

The effort made in the railroad sector was improved by almost 8 percent when compared with the previous period. Progress was made in the construction of the double Mexico-Queretaro and Queretaro-Iraguato railway and in the correction of the Mexico-Veracruz railway. We have also continued our efforts in the improvement of the railroad infrastructure -- railways, [word indistinct], telecommunications, and in the acquisition of traction and hauling equipment.

Maritime transportation continues to be the main means for international trade, the biggest share of which is done by ships. This represents an incentive for the growth of our fleet, which has increased by 34 percent. Port projects have been continued in Tampico, Veracruz, Coatzacoalcos, Ciudad del Carmen, Guaymas, (?Altamira), and [name indistinct]. Regarding industrial ports, we have observed the effort in Lazaro Cardenas and (?Altamira).

In the operation of the two national airlines, we have sought to make the most rational and consistent use of routes. We have increased their fleet to face the demand for local flights and to support promotional programs for foreign tourism.

We have signed agreements that will allow us to have in 1985 our own satellite system to receive and transmit signals to the entire country. The expansion of the telecommunications network has been continued. Thirty-three rural communities have been incorporated into the telephone network and 156 tons into the radio network. We have expanded the services of the national microwave network and the telex system of the postal and telegraph company. The 6 millionth telephone number has been installed.

The importance of tourism in economic and social development lies in its capacity to attract foreign exchange, create productive jobs, contribute to balanced regional development, encourage a large part of the other economic sectors, and strengthen the cultural identity of our people. In view of these intentions, we are undertaking a general strategy based on thorough and efficient use of installed capacity, implementing a price policy that will allow us to be competitive in the international market and to increase domestic tourism, particularly the tourism of medium and low-income families, and the optimum use of financial resources. We have also reorganized the administrative apparatus of this sector. The National Tourism Bank was eliminated because its credit functions were viewed as [words indistinct] and the National Tourism Council was placed under the [word indistinct] secretariat.

The new currency exchange situation and the efficient and smooth operation of this sector has resulted in an increase in the country's tourism activity with a favorable effect on employment, regional development, and the entry of foreign exchange. We now have to strengthen policies in order to develop new investments.

Economic growth is not an end in itself. It is only justified ethically when its lasting purpose is social development. The concept of development is only authentic and firm when it is general. Our national plan demands this. Development implies the utilization and full realization of the potential of the human being and his community. Thus our Constitution, along with our individual guarantees of freedom and juridical security, has established social rights that obligate the state to promote national development in such a way as to provide the material and social conditions that serve as a real basis for a dignified and just life.

For this reason, the state's duty is directed toward providing the rights to education, health and housing as well as the right to dignified and socially useful labor by strengthening the guarantees established in Article 123. Thus also, in Mexico social policy has the highest political rating and has a conditioning effect on the purely economic aspects of the development policy.

In my inaugural speech, I ruled out inequality and I called for social development as an essential element in our strategy of change. In addition, I explicitly admitted that as long as there is a crisis, we will not be able to advance quantitatively in the process of social justice.

I offered, as a first step, to curb the accelerated deterioration in the main indexes of well being, particularly employment, and also to avoid having the crisis and the measures taken to combat it cause a deterioration in public services and government programs designed to achieve social development in areas such as nutrition, education, health, and housing.

Even within the crisis, we have proposed and are implementing an ecological and quality of life policy. The crisis was causing a deterioration in the levels of employment. Not only was there a failure to absorb the new population that was entering the job market, but many who were employed also lost their jobs. In 1982, unemployment climbed from 4 to 8 percent. To maintain this trend would have resulted in a social problem of unpredictable dimensions. By means of the strategy that we applied this year, we were able to stop the slide in employment. This was achieved thanks to the basic actions that were implemented within the immediate program of economic reorganization. The program of defense of the productive base was approved, and with it, defense of existing jobs. To support it, public spending was redirected toward the interior of the country, which represented an additional promotion of demand. And there was a reduction in the public investments in imports, which declined from over 70 percent in certain sectors to an average of no more than 15 percent at present.

Supporting productive enterprises with liquidity problems resulting from excessive foreign debt, through the funds to cover partial risks without granting subsidies in interest or exchange rates, made it possible to sustain the country's productive base in the face of the sixfold increase in the exchange rate in 1982.

However, the most important means of protecting existing jobs came from the workers and entrepreneurs themselves. In the framework of a fundamental qualitative change in labor-management relations, they implemented nondiscriminatory general measures to resolve wage increase demands. The particular situation of each business firm was considered, and each of them granted what they could. In this manner, we removed one more stimulus from the inflationary spiral, and [passage indistinct]. Consequently, salary scales, by being adjusted to the real possibilities of the productive base, made it possible to maintain the existing level of employment, thereby decisively supporting the other elements of stimulation.

This new mode of realitions between workers and management was reflected in the solidarity pact the two groups signed in August. This factor of conciliation, which does not keep either side from exercising its rights, constitutes an effective obstacle to the crisis.

These considerations formed the framework for the solution of the calls for strikes issued in the months of May and June this year. Dialogue and agreement between the parties resolved that wage crisis. In the midst of the crisis, the basic element of the wage earners was maintained -- their source of income -- and for those who lost their jobs, social security increased to 6 months the period of medical service extended to both the workers and their families. The basic tenet of the wage policy continued to be the most thorough respect for the essential guarantees and rights to the workers.

Within the framework of the Civil Service Intersecretarial Commission's work, the executive branch under my charge in June decided to grant salary benefits to workers at the service of the state who were earning the minimum wage. The package was integrated equitably, benefitting more those who earn less, while gradually moving the workers' wage scales closer to the mid-level. The extra pay rates were reorganized, the wage scales were leveled as of 1 July, benefits were granted in the area of [word indistinct], and leveling was implemented in the case of foreign teachers.

The request made by the Trade Unions Federation of Government Workers that life insurance for public servants be increased 100 percent was also resolved positively.

Within this general package, I have issued an agreement that, as of today, increases the salaries of the personnel at the service of the federal executive branch, of the legislative and judicial branches, and of the Federal District Department, as well as the earnings of the armed forces members, through an absolute increase of 3,000 pesos per month in their budgeted salaries, in addition to the corresponding extra salary depending on the area of location. On an average, this represents an additional 1,200 pesos or so. In the case of those teachers who work on an hour-week-month basis, the increase will total 85 pesos. The resources to cover this agreement are included in the budget authorized by the Chamber of Deputies.

Every year some 800,000 people demand new jobs. Certain elements still prevent the increase of investments and the expansion of job sources. One of the innovative characteristics of the reorganization program consisted of creating productive jobs which, although of a temporary nature, have made it possible to keep the unemployment problem from becoming worse, while providing an additional income for people in the rural and urban areas and increasing the community's (?assets). To this end, 300 billion pesos were rechanneled from the normal program. In addition, some 100 billion pesos were allocated from the budget reserves for special programs.

Outstanding in the rural sector is the program for the maintenance and construction of roads and trails, as well as that for the development of cooperativism. These actions will be maintained in the rural area, because they have already made it possible to achieve 70 percent of the proposed goal.

In the critical urban zones, we have given strong impetus to the creation of jobs through municipal public service programs and social benefit programs, in order to achieve a [word indistinct] of 350,000 jobs. The current total is 155,000.

Finally, and acknowledging that it is among the young people where the principal unemployment problem lies, a social program for assistants has been set in motion in coordination with the higher education centers. At this point, the annual goal of generating (?47,000) job opportunities has already been achieved. This will make it possible to redouble our action to increase the generation of job opportunities for Mexican youths. Actions carried out in the fields of education, health, nutrition, urban development, and the environment complement the results obtained in the field of employment.

In order to (?organize) the activities in the area of food and nutrition carried out by the public sector and to stimulate the participation of the private and social sectors, the National Food Program is about to be set in motion. From an overall viewpoint, it is intended to attend to the various aspects of the people's nutrition and feeding. The idea is to have an impact on the various stages of the food chain, from the production of food of agricultural, livestock, and fishing origins, to their processing and distribution to accessible (?areas), along with the orientation of consumers in order to achieve a better use of products.

Our national program is transmitted and recreated in the consciences of the new generations. Education and culture are the paths to strengthening our identity, preserving our values, and guaranteeing our independence. On the basis of our Article Three, we will educate with an eye on independence, freedom, democracy, and social justice. We have talked about revolutionarizing education, because we are firmly convinced that the national educational system, from the preschoolers system to the higher-education system, demands more than reforms and even more [words indistinct]. It demands proper restructuring, which starts from education for those who will later teach, and reaches cultural and scientific research.

It must be admitted that national education is confronting a harsh crisis. This does not mean negating the advances made. The educational expansion achieved and the expansion of its coverage (?represent) evident progress. However, this emphasis on expansion has not been accompanied by a similar concern with quality. Thus, (?deteriorated) areas must be sanitized and straightened out while others must be promoted and further improved because the nation's most important wealth -- human wealth -- depends on education.

The federal educational system has become dangerously atrophied, and it is indispensable to fight this situation. Going back to the spirit of the Constitution of 1917 and of our federalism, we have proposed the need to decentralize education, and have taken the first steps in this direction. Decentralization will be a gradual process to attend to the needs and structures of the various federative entities, respecting the workers' rights without forgetting the reality of the nation as a whole. The bases to proceed with the educational decentralization in accordance with the views mentioned above were decreed on 8 August. The creation of a consultative committee in each state of the republic has been foreseen in order to gradually analyze and determine the direction of primary, secondary, and normal school education as planned by the federal government.

The National Trade Union of Education Workers is part of those committees, which must also listen to the volunteer associations interested in education or in participating in it. It will establish a general coordinating board, which will be the organ of the Public Education Secretariat for Decentralization.

We will carry out an educational revolution in alliance with the teachers. The basis of all these pedagogic plans is continued literacy, so that the educational pyramid can have a broad support base. Research, culture, and higher education are of a dubious nature unless preceded by a vast foundation of literate population.

In education, the revolution should be a nationwide participative effort embracing all education in Mexico. A renewal presupposes changes in programs, methods, instruments used in the [word indistinct] teaching process, in the structure of systems and cycles of studies, in the population, in schools and other educational centers, in the type of professions and instructors, and in administrative and organization mechanisms.

The nation's educational system is the country's main [word indistinct]. It takes care and gives direct attention to youth, which represents one third of the country's population. It is the field in which the nation's culture is being shaped. All this makes it imperative to have an educational system that is a model of efficiency, organization, and coordination.

We are trying to coordinate and assemble the universities and technical education centers in various states of the republic. The dispersion of resources impairs the possibilities of higher education and research by increasing costs and renders coordinated work more difficult, creating a shortage of laboratories and equipment. Several universities are conducting joint research programs. This is a practical way of showing the fruitful results of joint efforts and the drawbacks of isolation and dispersion.

We must have quantity as well as quality in universities and higher education centers. We cannot assume a disdainful attitude toward the masses who enroll and will continue to enroll in higher education centers. It is necessary to establish teaching and research methods that will permit the achievement of maximum quality for an increasing number of students and researchers.

With regard to universities and higher education centers in general, we are not afraid of the criticism they make of society, the state, and the Mexican Government. We want this criticism to be well founded, rational, and objective. Subjectivity leads to mistakes. Criticism should not be made only of others; there should also be self-criticism. That is why we enthusiastically approve the attitude of self-analysis that the National Autonomous University of Mexico has begun, and which the National Association of Universities and Higher Education Institutions is already conducting.

We are still in time to prevent the crisis of our educational system from overtaking our society and subjecting it to dangerous experiences. If we allow this situation to continue and worsen, we will be squandering our future. Good education will ensure continuous and just progress in the medium and long term. We are going to review and reinforce the many parts of our educational system and plan studies and careers that are compatible with free enterprise and the nation's needs. It is necessary that we coordinate the educational system with employment demands as much as possible.

We are currently facing a serious problem of unemployed normal school teachers. In order to neutralize and correct this situation of federal and state teachers, we have implemented a policy aimed at reducing the number of teachers in careers that are saturated and encouraging them to pursue careers that are in demand. At the same time, it is necessary to improve education in most normal schools in rural areas. In compliance with the decentralization plan, the intensive summer courses held exclusively at the Higher Normal School in Mexico City have been transferred to four normal schools in zones where there is more demand for these courses. A total of 4,000 students and teachers attended these courses with satisfactory results. We have said that selfish interests will not stand in the path of our efforts to revolutionize education.

We will follow this policy regarding the Superior Normal School.

Mexico is in need of scientists and technicians. Nevertheless, the number of students enrolled in these branches of education has dropped. Perhaps one reason for this is our basic education, which superficially deals with scientific and technical knowledge. Therefore, we must review these aspects of primary, secondary, and [word indistinct] education in order to encourage the study of careers the country needs and are profitable for those who study them. The country certainly has a commitment to education. This is the main public service that the federal government gives. In return, education and the students have an obligation toward the country.

Educational levels have dropped dramatically. To increase them will be difficult but is indispensable. We will engage in every necessary struggle to achieve it.

The educational system must contemplate the possibility of students finding jobs when they are at the intermediate levels as a response to the socioeconomic capacity of all the social sectors. For this reason, we are implementing a pilot plan of 30 final schools [escuelas terminales] and 16 [word indistinct] in the metropolitan area so those who graduate from them can opt for jobs as specialized technicians or continue their studies in higher centers.

The moral renovation we are bent on implementing will not [words indistinct] if we don't achieve, through the ethical [passage indistinct] of Mexico's future. Our schools must insist on teaching our national values. The media have an increasing influence on education. We need to incorporate them fully into today's educational challenge. I urge all Mexicans to actively and enthusiastically participate in this new educational revolution. I particularly urge teachers and educators, but I also call on parents, the university community, the scientific and technological institutes, the journalists, the intellectuals, and the artists. Let nobody shirk this new stage of education and culture in Mexico in order to improve the quality of today's and tomorrow's Mexicans through education.

Education is not limited to schools. It is everybody's responsibility. My government has a broad idea of culture. It understands it as a process of enrichment, affirmation, and dissemination of the values of our national identity, and as a process of democratic participation of individuals, groups, and communities in the creation and enjoyment of knowledge. For this reason, culture is a bridge that connects our ideology with the essence of the democratic process, which is the participation and communication between the government and the people. In this specific area, we've started actions to increase activities to rescue and disseminate the ethnic, popular, and regional cultures. We are carrying out a cultural program for the border, one to protect and promote arts and crafts, one to encourage creativity in ethnic communities, and one to enrich the cultural content of basic education that is within the reach of all Mexican children. The national library program is also underway.

Despite adverse economic conditions, we have made significant efforts to prevent the deterioration of good levels in the health and social security sectors. We have laid the groundwork to organize, by sectors, the institutions involved and to modernize their administration in order to form a national health system, thus giving national coverage guaranteeing a reasonable minimum quality of services for all the country's inhabitants.

Three strategies are underway: the sectorial organization of the institutions involved, their decentralization, and their administrative modernization. These are very ambitious goals, but [words indistinct] medical services of the first and second level. [passage indistinct]

In attending to the most pressing needs of the people, it is necessary to [words indistinct]. Therefore, [words indistinct] medical attention to these fellow countrymen is included in the social security program [words indistinct]. In an attempt to control the supply of medicine, materials, and supplies, we have coordinated all the pertinent government institutions [words indistinct] to cover the needs of [words indistinct] clinical-pharmaceutical, and promote the national production [words indistinct] required material. Regarding preventive [words indistinct], we are drafting a program to orient [words indistinct].

On the subject of social security, our purpose is directed toward [passage indistinct] as well as to foment an improvement in [words indistinct] and mental hygiene. Under this plan, we will also cover the services that will be slowly integrated into [words indistinct]. Seventy-five municipalities were incorporated in the social security system and [words indistinct] by 1986. We have signed agreements to give the Indian population hygiene and [words indistinct]. A program of [words indistinct] to give greater efficiency to [words indistinct] to the workers of the state. [Words indistinct] evaluation and control of the Federal Government. [Words indistinct] to attenuate the social differences among the Mexican people and to seek a point of support for our social maturity and protect the people from the biologic, social, and economic [passage indistinct] to give disabled people an opportunity to participate in national development, the elderly the satisfaction of having lived, and give the children what they need to feel proud of being Mexicans.

My wife is cooperating in this effort by presiding over the institution's board of trustees, while fully respecting administrative organizations and regulations established for public entities. I also wish to publicly recognize the work of the national volunteers in these institutional and government programs.

Man's home is not only his house but also includes what surrounds him and the conditions of the land, water, air, and natural resources. This led us to integrate urban development policies with housing and ecological policies under a new executive entity with knowledge of the subject. An important qualitative change will be the reorganization of man and milieu. To achieve this, we are seeking to consolidate the small and medium sized cities in a two-way strategy, one that will reduce and direct the [word indistinct] phenomena, avoiding the concentration in the main cities [words indistinct] of the dispersed towns to attend the problems of maladjustment between the supply and demand of services and [words indistinct].

On the subject of soil, we are seeking to regulate the land market and protect the interests of the majority. To achieve this, we have installed 18 ministerial reform committees for urban and industrial development to regulate landholding and facilitate access for the most needy. The (?federation) has given the State 23 million square meters of rural land intended for housing projects in an attempt to begin a territorial [words indistinct] for the most needy. At this moment we are ready to distribute 45 million square meters more. Shortly I will send a bill before Congress to [word indistinct] the urban situation, including the bill of [words indistinct]. Regulations for urban development will be established in conjunction with the state and municipalities, and we will also issue rules for the improvement, conservation, and use of the population centers. Another bill seeks to speed up the procedures for the purchase and use of the territorial reserves on federal property.

On the subject of potable water and sewer systems, our main concern has been to make the most of the funds allotted for this purpose. This is intended to benefit the largest number of people and promote jobs. For this purpose, we have 36 billion pesos.

We are attacking the housing problem -- a pressing problem throughout the country -- with the use of the territorial reserves, new construction techniques, increased financing funds, support for self-construction, and modernization of the sector's administration. Because of its impact in promoting the mass construction of popular housing, payments to the social security for self-construction and for small landowners have been substantially [words indistinct]. With the housing bill that I will send before the honorable Senate shortly, we will be able to regulate all the actions of those agents who intervene in the housing market and broaden the chances for the people to have a worthy home. Financing for housing in the amount of 53 billion [currency not specified] will be made available through the [word indistinct] for 1983. To this we add the funds allotted to the housing finance programs, [words indistinct] in the amount of 87 billion pesos. This program includes the construction of 163,000 homes. [passage indistinct]

On the matter of land for housing, we have said that the most outstanding actions taken have been in the area of provisions to regulate the supply and demand of land, federal property, and the promotion of the use of unutilized urban areas good for housing. Those are measures to begin controlling the growth of the cities and to achieve more advantageous use of the resources controlling speculation. As part of the housing program, this year we began [words indistinct] for families with low incomes in (Ictepac) municipality, Morelos State; the State of Mexico; and the Federal District.

The magnitude of environmental problems seriously jeopardizes the future of our species and the quality of life. For this reason, the national plan incorporates ecological and environmental (?projects) in the development strategy. In the recent consultation with the public, it was made clear that in Mexico ecological matters are no longer the exclusive concern of scientists or researchers, but have become a daily concern of the community. The efforts made by the government to correct and prevent the deterioration of the environment, as well as to conserve, protect, and enrich the natural resources, [words indistinct] will have significant results only with the contribution and strengthening of [words indistinct] the population.

The ecological policy has established the bases for a basic attack on the deterioration of our natural resources through the control and prevention of pollution, a regional ecological balance, the conservation and exploitation of natural resources, and ecological restoration from a regional viewpoint. To implement this policy, priority zones and problems have been selected. Packages of intersectorial, regional, and intra-regional activities have been designed, including the (?completion) of the projects and the application of the corresponding juridical framework.

Actions have been announced for a struggle against pollution by means of the signing of two interinstitutional agreements. The first will attack the problem of solid wastes in Guadalajara and (Cateca), as well as pollution in the Santiago River and Lake Chapala, benefiting 2.5 million people in 40 municipalities. The second agreement was signed to control environmental and water pollution in Mexico City, one of the problems that causes the greatest concern to my government. In the oil areas in the southeast, a program of ecological restoration and pollution control has been initiated. A program is also underway to control the pollution generated by the mills [words indistinct].

Similarly, a cooperation agreement was signed with the United States for environmental protection of the border areas that will encompass ecological actions to improve and preserve the conditions of land, sea, and air.

In all these efforts, there has been a strengthening of confidence in the determination to have greater participation of [words indistinct] in the country. Decentralization of national life is a demand and an urgent need in Mexico today, and this will require a gradual but deep-seated process to encourage the political, administrative, economic, and cultural decentralization that promotes the balanced development of our territory.

Recognizing that the strengthening of democracy depends to a great extent on political participation in the life of the municipalities, we initiated the amendment of Article 115 of the Constitution. Through this, we provided the municipalities with their own resources and sources of income and the powers to regulate the creation of territorial reserves, the possession of urban lands, the administration of public services, and the defining of the policies for the development of cities. As a basic task, we have begun the process of decentralization of public administration activities in the areas of education and health. We must strengthen and continue it in other areas, promoting the simultaneous reinforcement of the administrative capacity of local authorities, realizing that this will contribute to the achievement of the economic and social results of decentralization.

With full respect for the sovereignty of states, early this year we [words indistinct] with local governments, the [word indistinct] role of development as the proper way to coordinate our efforts with the purpose of promoting the overall development of the country. The process of political, administrative, and cultural development must be based on a solid economic structure that gives it permanence and feasibility. Decentralization by means of subsidies would be senseless. The regional policy must be based on a greater balance among economic activities. To this end, the National Development Plan seeks to modify the relationship between the countryside and the cities, achieve a better integration of the supply system, and strengthen the new economic activity in those areas that offer the best possibilities without excessive economic, ecological, and social costs.

This entire process is a part of the general development of the states. We have taken important steps within the policy of regional development with programs that attend to strategic needs. We have implemented the development program of the [word indistinct] Valley for the purpose of strengthening its sovereignty and incorporating the region into the nation's development. We have taken the first steps in implementing the program for the southeast with the Chiapas plan and the Tabasco State plan. At the same time, the program of support for the border areas and free zones is underway and will be incorporated into the overall plan for the development of the northern border.

We have actualized the development plan for Tolima, and we did a similar job in other states in close coordination with each state's government.

I have visited [word indistinct] Province on 37 occasions and have participated in 22 working tours to the same number of cities in the states with the objective of maintaining systematic communications with the various parts of the country and learning about the requirements, problems, and priorities of each state and the social [word indistinct] of each area in the various programs of the Federal Government.

We are in a process of reorganizing the regional balance based on new realities. [word indistinct] and ambitions that will lead to the proposed actions, to consultation on actions, for the benefit of the community and for the true strengthening of the nation.

In the variety of Mexico's ethnic and [word indistinct] cultures is where we will find our greatest spiritual wealth. In confronting the tendencies that seek social homogeneity based on material [word indistinct] as a value in itself, the people should generate and develop the particular preferences of each one of the Mexican cultures, contributing to each other's cultural wealth, finally transforming our national culture into diverse entities and [word indistinct].

I urge the inhabitants of the regions with the lowest economic and social development to renew their hopes and work together with the rest of the country. You can be sure that my government's main projects are aimed at a regional distribution more in accord with the principles of social justice we have inherited, and to which we have fully committed ourselves.

Problems in rural (?areas) are huge. Within austerity [word indistinct] as part of this program, we have [words indistinct] that priority is given to direct attention to social demands in the capital, even within the framework of a serious financial situation characterized by an impressive level of indebtedness.

A great effort has been made to give the best possible attention to the need for potable water, which becomes more critical in [word indistinct] period. [Word indistinct] wells were drilled and aqueducts were installed, and we tried to distribute the insufficient water available in the metropolitan area in a proportional way.

In order to reduce the damage caused by floods, an important part of the extensive drainage system was [words indistinct] the city silt collectors. Despite this, the large volume of rain we have experienced this year caused the temporary clogging of the system in various parts of the city and serious floods occurred in the southeastern part of the city where there is no drainage system.

Emergency actions have been developed to help the residents, and with a budget of 150 million [currency not specified] we begin the work that in the next few years will solve this vital problem.

In an attempt to maintain public services, we sought to improve the efficiency of the transportation sector. We are planning to establish an integrated system for passenger transportation that will cover the heavily populated areas and the [word indistinct]. A transportation mixed committee was appointed to study the problem and provide this service in the most adequate manner [words indistinct]. The bus terminal for urban transportation, which in (?September) 1982 had only 3,800 units, today has 4,000 [words indistinct]. We plan to increase the number to 6,000 by December. A few days ago we inaugurated the [words indistinct] for the metro in what today [words indistinct].

To improve public security we are implementing training programs for police corps personnel [words indistinct]. Police units have been increased by reincorporating retired personnel and 1,652 graduates from police schools. Efforts will continue to guarantee the security of the inhabitants of Mexico City, which we admit is a serious problem.

In order to take care of the growing needs of the population [words indistinct] we recently established a supply center, the housing commission [words indistinct] for low income sectors.

A citizens' cooperation program was inaugurated that takes care of the garbage collection [words indistinct] program for Mexico City's metropolitan zone [words indistinct] to solve the problems of drinking water, [words indistinct] contamination, transportation [words indistinct] decentralization [words indistinct].

We will direct the administration in an orderly manner so that based on the country's economic possibilities, we can tackle the serious problems affecting Mexico City in a coordinated way. It is of vital importance that the inhabitants of this highly populated city understand the magnitude of the problems and the efforts required for their solution.

It is necessary to establish new mechanisms of solidarity at the levels of neighborhoods, blocks, districts, and municipalities. The government will spare no efforts, according to its capabilities, but these will only give the results expected if we have the total participation of the citizens.

[Words indistinct] can realize that priority efforts are being made to solve the problems of those who have very little or nothing. It is the only way to make of this city a place that it is not oppressive [words indistinct] right for development of mankind's potential.

Honorable [words indistinct] the state of the nation report on the first 9 months of my administration is not a simple report on the state of the nation.

It represents a phase of the Mexican people's history. The actions of a government do not need -- within the context of the social situations it must face -- [words indistinct]. What has been achieved so far is not the exclusive work of the government. We can only explain, according to our history, that it has given us values, ideologies, institutions, and our name as a nation. We have proved -- people and government -- that we are a nationalist, vigorous, and mature community with a capacity to provide answers during critical situations. We have an indomitable will to overcome adversities and positively guide our development.

Due to the magnitude of our difficulties, I affirm without a doubt that the force and character of the Mexican people are great. The adversities that today afflict us will never be more than an incident in our national life. I believe we shall overcome this, because we have [word indistinct] a new and better phase in our history. I am proud to be the Mexican people's president! I consider a privilege to serve you in difficult times. Every day I feel encouraged by my fellow citizens to continue serving you without limit, except for that of my own capacity. Mexico is my strength.

We have decided to face the crisis through the full restoration of the essential principles of the revolution -- of our revolution -- and the strengthening of our republican and democratic institutions. It has taken us a long time to build them and, even though they are still in need of improvement, they are our best instruments to overcome vicissitudes and continue in the pursuit of our destiny.

We continue to support our nationalism as a vital force. We love our liberties, we are not willing to risk them, and we will increase and consolidate them. We believe in democracy as a way of life, and we reject any form of totalitarianism or dictatorship. We still consider justice the value that must guide the fulfillment of our national project. The crisis has not defeated or misguided us! Quite the contrary, it is increasing and strengthening our awareness of each other. The crisis has not paralyzed the Mexicans' thoughts or actions. We must emerge from it enhanced.

We will not use the crisis to step back in time, or to make believe nothing has changed and everything continues the same as before. The crisis is an opportunity for changes and transformation structural and qualitative changes that must be reflected in every aspect of our lives, beginning with changes in every one of us, qualitative changes in our political life, and new forms in our democratic life based on a greater participation of all in the various aspects of our social life. A new style of relation between the president and his people, based on communication and [words indistinct]. New attitudes by political parties, civil organizations, unions, peasant organizations, and others to solve better our social problems, to rationally [word indistinct] their demands, and to efficiently plan and organize their constructive actions. Better attitudes by those who participate in social communications and shaping public opinion, to truthfully inform society. To critically analyze our actions and contribute positively toward the education system. The [words indistinct] is another great qualitative step.

We must maintain a national interest concerning the [words indistinct]. We must comply with the norms of the republic and the law, and this task involves all of us. This is the goal sought by the norms controlling public administration, amendments to the law and administration of justice, the moralization and professionalization of our police corps, and a strict legal and administrative framework for public officials.

However, the task is not easy. Let every one assume his commitment. The struggle for an egalitarian society is another great challenge. We must combat unjustified privileges and achieve a better justice in our social relations, by equitably distributing the fruits of our common effort and supporting our underdeveloped brothers so they can improve their level of life. [Words indistinct] national life will give us a better-balanced and firm development, strengthen democracy, and increase the efficiency of our common effort. The strengthening of the states and municipalities and the struggle against centralism will contribute to achieving qualitative changes decisively.

We will continue to support the efforts of the province. The strategy for the development of the national plan establishes various structural changes for the economy and the society: the creation of more jobs [words indistinct] growth; a better territorial distribution of development; more and better food for all; decent housing; an educational revolution; an increase in health and social security services; environmental protection; more efficiency and productivity in the productive apparatus; (?the elimination of) external dependency in commerce, banking, science and technology; [words indistinct] public and private savings; the correction of the imbalance in public finances because of the debt; effective control over public expenditures; a fair fiscal policy; realistic [words indistinct]; greater competitiveness of our exports and tourism; an exchange rate that means growth for our economy and encourages the balance of the external sector; a diversified development of the sectors; an overall rural development policy; the modernization of trade; and [words indistinct].

This is the qualitative change I am proposing to the nation. [Words indistinct] to achieve this one day. Our quest to reach this goal compels us to make a serious, persevering, and disciplined effort. This is a process. It is not a promise of [word indistinct] results. It is a call, not an offer of dreams. If we want to, we can do it. But these qualitative changes (?in the structure) that represent a new form of design and style in the acquisition of national commitments can only advance [words indistinct]. There is no [word indistinct]. The enemy we must defeat is inflation, which has occurred because of a major imbalance between our demand and our supply. We have spent more than we had, and for a long time we borrowed to cover the difference. I am aware that the crisis is not yet over. The only thing that my government is [words indistinct] is that the most serious factors are under control. [Words indistinct] but we cannot lower our guard. We must not become complacent, or believe in premature [word indistinct].

I must recognize the merit that most Mexicans have because of what they have achieved. This achievement is due to the peasants who have not forgotten the love for the land and who, despite the uncertainty, the climate conditions, and the rains, sow their land year after year. It is also due to the workers who have responded with wisdom, good judgment, and a sense of responsibility and moderated legitimate salary demands for the sake of maintaining the sources of production and employment. It is due to professionals and technicians, the members of our diverse and dynamic [words indistinct] who adapt themselves to the difficult circumstances of the readjustment and reiterate their contribution to the [word indistinct] struggle of the Mexican people. It is due to the managers, those who truly carry out the important duty of [word indistinct] and organize the elements for the production and distribution of goods and services that the country requires with an authentic sense of social responsibility. It is due to the employees who work for the state and its public enterprises, who are gaining a new awareness of their responsibility as servants of the nation. It is due to the Armed Forces, which are carrying out their noble task with patriotism and loyalty.

However, the crisis is still continuing. The increase in prices affects the standard of living. Housewives are in anguish in the face of the persistence of inflation. There are difficulties in the enterprises. Credit is expensive. We are not creating new jobs. The service of the debt is burdensome. We don't have enough foreign exchange to import. Much is left to be corrected in public and private finances. The international outlook is discouraging. The economies are not firmly recovering, [words indistinct] foreign trade.

The challenge is (?educational) and it continues to be enormous. [Passage indistinct] The nation's destiny is at stake.

Therefore, Mexico continues to demand a solidaristic and enthusiastic effort from all of us, like a great lever that is [word indistinct] amid our difficulties and puts us again on the path for the construction of our great historical goals.

I urge all Mexicans -- men and women, children, young and old, peasants, workers, office employees, technicians, managers, industrialists, and merchants -- to keep Mexico ready for the struggle [words indistinct] to extract strength and vigor from tribulation, to [words indistinct] over adversity, to overcome with a firm faith in our own destiny. Let no one remain aloof to this attitude. Let everyone fight from his own trench. Let us continue to build an increasingly free and domestic country. We want a country with [words indistinct] that want freedom to enjoy them. We want to continue to live without fear, with freedom to think, freedom to believe, freedom to express our thoughts, and freedom to engage in the work, profession, trade, or industry we want. We want a more just country. We want a country where [words indistinct] where we can overcome social (?differences) that upset solidarity and jeopardize peace [words indistinct].

I will continue devoting my efforts to these tasks and to those desired by the people. I will do this as the president of the republic and of all Mexicans. I will continue to report the truth, and I will continue to talk and consult with everyone. I will devote myself to consolidating unity and fighting misery. I view the presidency as a party of unity, which all the compatriots [words indistinct] my commitment to carry out my duty with certainty and firmness, without anguish and [words indistinct] with the decision and perseverance demanded by the people.

Exercising command during critical times forces one to take measures that at times are hard and bitter. One has to weigh vested interests, and eliminate attractive advantages that the nation is in no position to grant. One has to ask more than give. But the interests and the orders of the nation demand this.

We will pull through and become stronger. We will accomplish this for ourselves and our children. We must work, produce, and save with greater intensity [words indistinct]. We will continue along the straight line, not twisted or deviated. We will vigorously continue the moral renovation of society. We insist on morality and efficiency [words indistinct]. In light of history, let us strongly reaffirm our trust in the nation's grandeur and in its indestructible future. Let us build greatness on nationalism, freedom, democracy, and justice. Let us build our greatness on productive and honest work, [words indistinct] on the social responsibility of our conduct. Let us be worthy in the face of our history's heroic deeds. Let us be firm and passionate in the construction of our destiny. This attitude is our strength, and with it we shall win. Long live Mexico. [applause]

PDP SEEKS ADHERENCE TO TORRIJISM FROM PAREDES

PA312028 Panama City LA REPUBLICA in Spanish 29 Aug 83 p 9

[Text] People's Party [PDP] Secretary General Ruben Dario Souza has told LA REPUBLICA that "we are analyzing the situation, but if we reach the conclusion that Paredes is not following Torrijos' line -- the Torrijist program -- we cannot support him."

Souza declared that his party has not yet decided to support any presidential candidate.

The PDP secretary general said: "We feel that Paredes' candidacy has taken one direction, and we are currently studying the position that he has made public to see if it is a deviation from General Torrijos' original concepts."

"Our party is assessing Paredes' overt and irate anticommunism. If there was one thing that characterized Torrijos, it was his great integrity, broadmindedness, and ideological independence. As he used to say, a balance must be maintained among the various ideological currents in order to seek common ground for our great national development."

Souza noted that "Torrijos always sought a consensus but never boasted about a specific position and never tried to proclaim himself a member of the center-right."

AMADO BURGOS APPOINTED SOCIAL SECURITY DIRECTOR

PA272016 Panama City CRITICA in Spanish 27 Aug 83 pp 1, 14

[Excerpt] The executive branch yesterday appointed David Amado Burgos general director of the Social Security Fund. The announcement was made by the state's Public Relations Office after former Social Security Fund Director Luis Alberto Arias presented his resignation to President Ricardo de la Espriella.

BRIEFS

DRUG RING SMASHED -- A ring of Colombian drug traffickers who were trying to establish a base of operations in Panama has been smashed by the National Guard. Colombians Juan Yepes Flores, 41, Oscar Diego Jaramillo Fernandez, 34, and Dario Ospino Cordova, 42, were arrested while waiting for a light plane to arrive at a landing strip in the Playa Coronado beach resort with a drug shipment. The ring had several apartments and a house in the Panama City district of Bethania, where marijuana was compressed and packed for shipment to the United States via Costa Rica. A large quantity of marijuana was found in the house in Bethania. [Summary] [Panama City MATUTINO in Spanish 27 Aug 83 pp 1-A, 8-A PA]

NEW PORT DIRECTOR -- Eustacio Fabrega has been appointed National Port Authority general director of Panama. [Excerpt] [Panama City MATUTINO in Spanish 25 Aug 83 p 4-A PA]

COSTA RICAOFFICIAL DISCUSSES 'MARSHALL PLAN' FOR C.A.

PA012110 San Jose LA NACION INTERNACIONAL in Spanish 25-31 Aug 83

[Excerpts] Rodrigo Madrigal Nieto, who is the ideologist of the Central American "Marshall" Plan, a former president of the Costa Rican Congress, and one of the main politicians opposed to the current government, has pointed out in Costa Rica the willingness of Europe to take part in that plan.

The politician stressed the benefits to the region if this interest were to be expressed in material terms. He said there exists interest in Europe, even though the plan is being drafted by the United States.

In a meeting sponsored by the editors of LA NACION INTERNACIONAL on 11 August, Madrigal Nieto referred to the approval that has been given by European circles to the idea of helping the region. This reaction presupposes that the commission established by U.S. President Ronald Reagan with that aim will have the support of Europe.

Madrigal Nieto has been promoting the creation of a "Marshall" Plan for the area for the past 5 years. The idea is, as a matter of fact, the axis around which the U.S. Bipartisan Commission headed by former Secretary of State Henry Kissinger revolves.

Madrigal Nieto heads a commission established by Costa Rican Foreign Minister Fernando Volio, which is to be the country's official spokesman before the Kissinger group.

Other members of this commission are Fernando Berrocal, the presidency minister; Claudio Volio, the national planning and economic policy minister; and Mario Carvajal, the exports and investments minister.

In addition, Fernando Soto-Harrison, the Costa Rican ambassador to Washington, and Jorge Manuel Dengo are also members of the commission.

In another part of his address, Madrigal Nieto stressed the opportunity offered by this plan to transform the structures of the Costa Rican republic, without resulting in social costs, as is the case with projects proposed by the IMF and the World Bank.

Madrigal Nieto also mentioned the political situation that prevails in Nicaragua and the massive U.S. financial aid for El Salvador as they relate to the so-called "Marshall" Plan.

Regarding the possibility that European participation might be affected by the fact that the United States is the primary moving force behind the plan, Madrigal Nieto said that he does not foresee any problems in that respect. He presented several arguments to support his statement.

According to him, different opinions regarding the treatment accorded Central American nations have existed between the United States and European countries, but these differences have lessened lately, especially as relates to the Nicaraguan and Salvadoran guerrillas and their relations with the government of those countries.

Madrigal Nieto also said that the existence of differences of opinion cannot be denied; however, they are a factor of the U.S.-European alliance.

He also mentioned the great extent of dependency of the European countries on U.S. economic actions.

All of the foregoing factors, he said, if linked together to draft a development plan, would satisfy Europe's intentions of achieving a nonmilitaristic solution to the problems of the isthmus.

The violence affecting most of the nations of the Central American area could cause a delay in the application of the "Marshall" Plan in Costa Rica, according to Rodrigo Madrigal Nieto.

This may mean that the negotiations for the aid, once the plan is approved in general by the United States, may have to be carried out through bilateral contacts between the countries. This is one of the ideas being worked out by the Costa Rican commission headed by Madrigal Nieto.

According to the statements released, the first thing that must be done in Central America is to settle the political-military problems that do not affect Costa Rica.

"Enjoying a privileged situation, Costa Rica could become the main conduit for the application of a development plan in the rest of the Central American nations," he added.

This is one of the tasks for the Costa Rican commission headed by Madrigal Nieto that is assigned the task of presenting the nation's position to the group headed by Henry Kissinger.

"I believe that part of the importance of having an appointed commission which eventually may have to work simultaneously with the Kissinger group, within the parameters of mutual respect, is to be able to express viewpoints reflecting the real situation in the area for the purpose of finding solutions that will conform with our needs," he pointed out.

FRG FOREIGN MINISTER TO VISIT 29 SEPTEMBER

PA010439 San Jose LA NACION INTERNACIONAL in Spanish 25-31 Aug 83 p 23

[Text] FRG Foreign Minister Hans-Dietrich Genscher will be in Costa Rica from 29 September to 2 October to meet with the FRG ambassadors to Latin America.

The German diplomat will meet with several Central American personalities and with Costa Rican President Luis Alberto Monge.

Before traveling to San Jose, Genscher will participate in the opening of the UN General Assembly. In addition, he will meet with leading U.S. personalities.

BRIEFS

NEW DEPUTY JUSTICE MINISTER -- Enrique Pochet Cabezas has been appointed deputy justice minister, replacing Enrique Rojas Franco, who has received a scholarship to study in the United States. [Summary] [San Jose Radio Reloj in Spanish 0100 GMT 31 Aug 83 PA]

EL SALVADORFPL MEMBER ADMITS TO KILLING U.S. ADVISER

PA012243 Paris AFP in Spanish 2224 GMT 1 Sep 83

[Text] San Salvador, 1 Sep (AFP) -- Pedro Alvarado Rivera, a 21-year-old Salvadoran student, publicly pleaded guilty here today to the killing of U.S. military adviser Albert Schaufelberger last 25 May.

Alvarado confessed this afternoon before newsmen at the Treasury Police headquarters that "I was the one who killed the U.S. adviser by shooting him in the head with a .22-caliber magnum."

Alvarado, who is a student of the Santa Tecla Technological Institute, claimed to be a militant of the clandestine People's Liberation Forces (FPL), and also claimed participation in the "execution" of rightwing deputy Rene Barrios Amaya shortly after Schaufelberger's death.

Alvarado was arrested by the Salvadoran police about a week ago, together with three other youths who have denied involvement in the killing of the U.S. adviser.

ZAMORA, LOPEZ OF FMLN-FDR ON STONE MEETING

PA020043 San Salvador Radio Cadena Sonora in Spanish 2130 GMT 31 Aug 83

[Telephone interview with FMLN-FDR leaders Doctor Ruben Zamora and Professor Mario Lopez, in Costa Rica, by unidentified reporter; date not given -- live or recorded]

[Text] [Reporter] Direct from San Jose, Costa Rica, over the telephone, we have FMLN leader Doctor Ruben Zamora, and Professor Mario Lopez, of the FMLN-FDR guerrilla groups. We first speak with Doctor Ruben Zamora, so he can explain how the negotiations are progressing, and what they spoke about with U.S. special envoy Richard Stone and Costa Rican officials who attended the meeting. We believe that Costa Rican President Luis Alberto Monge has been one of the most important mediators in this meeting. Dr Ruben Zamora, first of all, would you please tell us what happened during the meeting with Mr Richard Stone, to achieve peace in El Salvador?

[Zamora] Yes, Roberto. My greetings to the Salvadoran listeners, our fellow citizens. Our fronts have been insisting for quite some time on the need to find a political solution to the Salvadoran conflict through dialogue and negotiation. In this regard we started contacts some months ago with U.S. special envoy Richard Stone. These contacts progressed until they bore fruit yesterday, 30 August, when we held the first meeting to initiate dialogue between the U.S. delegation and the delegation of our fronts, which is comprised of four persons.

The meeting took place in an atmosphere of frankness, with respect on both sides, and we agreed on the need to continue this kind of contact and dialogue. Precisely for this reason, we agreed that the topics discussed in our meetings would remain secret.

[Reporter] Does this mean that things are in a preliminary phase, and you have not reached the most critical, the most important, phase -- that of achieving a definite agreement?

[Zamora] No, I would say that this matter of dialogue and negotiations must be carried out with urgency, because our country needs peace with justice and dignity. Likewise, we must also consider that this cannot be achieved immediately. The United States and our fronts are on opposite sides, confronting each other not only in the military sphere but in the political sphere as well. This does not make it easy to hold a dialogue or seek a political solution. In other words, we have taken the first step on a road that must be traveled; the road could be long, but we are interested in traveling the road as quickly as possible.

[Reporter] Mr Zamora, since everything is so ambiguous and kept under wraps, we might say, what progress was made, in addition to the cordial atmosphere that prevailed when you started the talks?

[Zamora] Look, the progress we have made basically consists of sitting at the negotiation table. You may recall that in March 1981 we discussed the need to establish a dialogue with both the Salvadoran and the U.S. Governments. To date, more than 2 years have passed and it is only now that we finally sat with the U.S. delegation for the first time. This is the progress we have achieved. It is important, but we still have a lot of ground to cover.

[Reporter] Had you previously established any personal contact with the U.S. Government, doctor?

[Zamora] The contact we had previously established was in the city of Bogota, under the auspices of Colombian President Belisario Betancur. That was a preliminary, or preparatory, meeting, only to determine the conditions under which we would hold the meeting held yesterday. In other words, the meeting held yesterday and the talks with Ambassador Stone that lasted approximately 3 hours were the first substantial contact concerning the problems in El Salvador and the possibility of achieving a political solution.

[Reporter] Is there a consensus among the groups that comprise the FMLN-FDR concerning these negotiations?

[Zamora] I feel there is; it is a full consensus. There were four delegates at the meeting -- two represented the FDR, and two represented the FMLN. In this sense, we expressed the position of both fronts. As I told you, for 2 years we have been insisting on the need to achieve a political solution.

[Reporter] Since there are so many versions, so many viewpoints, both at the Central American and continental levels -- adverse opinions concerning these contacts -- especially concerning Mr Villalobos? [question as heard]

[Zamora] No, in this case what happened was that they took part of a statement made by Commander Villalobos and misinterpreted it. There is complete unanimity among our fronts concerning the need to seek a dialogue and participate in it. Let there be no false interpretations; the Salvadoran Government should not harbor false illusions that it will divide us at this point. The idea has not crossed our minds.

[Reporter] Dr Ruben Zamora, up to this moment, when you have started serious and direct negotiations with the U.S. envoy and Salvadoran officials -- mainly with Francisco Quinonez Avila -- do you maintain the same viewpoints? Are you still willing to share power?

[Zamora] No, in no way. Our position is that negotiations to solve the conflict must start without preconditions. We issued a public statement 3 days ago, and we insist that a political solution should lead to negotiations whose main object will be the creation of a new government with full participation. This government would pave the way for free and democratic elections.

Formulas, levels of participation, who would participate in this new government, etc -- these would be the things to discuss in a negotiations process. We cannot take a definite position ahead of time. What we must do is present our proposal, in case the other party wishes to sit down and start a serious process of dialogue and negotiations. At that point we will have to review the many formulas that might lead to achieving peace in the country.

[Reporter] Doctor, you have been very kind in offering this statement. There is expectation here regarding these meetings. This morning we took a survey among our listeners, and it seems all want to see the end of this -- but with dignity for both parties. We want to see the end of this statement, but with reason, so that this bloodbath in the country ends once and for all. If you would like to add something, Cadena Sonora gladly gives you the opportunity.

[Zamora] Nothing else but to thank you, Roberto, for the opportunity to greet the Salvadoran people and reaffirm to all the listeners of Radio Sonora the will of our fronts to achieve peace with justice for all Salvadorans, and with dignity and sovereignty for our own country. I now leave you with Professor Mario Lopez.

[Reporter] Thank you. Hello, Professor, this is Cadena Sonora. We have just heard Doctor Zamora. Tell me, which front do you represent -- the FMLN or the FDR?

[Lopez] I represent the FMLN in the commission that talked with Mr Stone.

[Reporter] Did you participate in the meeting too?

[Lopez] Of course.

[Reporter] What is your viewpoint? Do you feel optimistic?

[Lopez] I believe this has been the first step. The results depend not only on our will but also, and most of all, on the U.S. Government's will. It also depends on the Salvadoran Army's will, and, in a good measure, on the Salvadoran people's will as well. It is the people, from the different social sectors, who must participate in the process of achieving solution. They cannot remain on the sidelines because the problem affects us all. However, I can mention that it was a positive first step. I reiterate that the results depend on the will of the forces that are participating and also on all the various Salvadoran sectors' will to become involved in this.

[Reporter] Professor, do you have any information -- I am sure you are up to date -- about the meetings held in Bogota between Francisco Quinonez and Father Revelo, and your representatives, under the auspices of Colombian President Belisario Betancur?

[Lopez] Yes, I am aware of this. I agree with the answer given by Doctor Zamora in this regard. As a first meeting, it represents a step taken by the two sides, although we know that the Peace Commission does not have the power to make decisions. This organization has been created for specific functions, and it cannot make decisions. Nevertheless, we believe this is a channel that will allow us to hold talks with the Salvadoran Government, which has the power to make decisions in negotiations.

[Reporter] I mentioned this because Francisco Quinonez Avila said this was a dialogue and not a negotiation. However, he expressed optimism about the results achieved in Bogota, Colombia. I am not aware of the statement made by Mario Aquinada Carranza.

[Lopez] Would you please repeat the question, and speak a little louder?

[Reporter] Yes. Francisco Quinonez Avila has stated -- according to international news agencies -- that he is optimistic regarding this first meeting. He termed it very positive. I have not heard the opinion of the other party, meaning Mario Aguinada Carranza.

[Lopez] Mario Aguinada did not attend the meeting.

[Reporter] He was not there? Excuse me, I meant Mr Bonilla.

[Lopez] Mr Bonilla?

[Reporter] Yes.

[Lopez] Just as Doctor Zamora stated, this meeting was to agree on the terms of another meeting. No substantial topics were discussed. However, as a preliminary step, it cannot be termed negative. It is undoubtedly a positive step toward reaching an agreement.

[Reporter] Yes. On one side we have Mr Richard Stone in Costa Rica, Richard Stone in Bogota, Richard Stone in Tegucigalpa, Richard Stone in San Salvador; Francisco Quinonez Avila in Bogota with Mr Bonilla and another person; and you in San Jose, Costa Rica. There is a series of people involved. It seems as if every section has its mission to carry out. Could you comment on this?

[Lopez] We feel we must talk with the Salvadoran Government, and in this case our decision is to talk with the Peace Commission as a means of reaching the Salvadoran Government. In addition, we must talk with the U.S. Government's special representative. As I said, the possibility of a political solution to the conflict depends on several wills, and we consider that the U.S. Government plays a leading role in this. Thus the need for two types of dialogue. Concerning the Peace Commission, the contacts have been made through a person that is considered trustworthy by both parties. We consider, referring to the Peace Commission, that this is a dialogue to discuss the problem among Salvadorans. Therefore, channels must be established among Salvadorans.

[Reporter] Among Salvadorans, yes, but as you can see, there is also the Contadora Group. How do you feel about this?

[Lopez] We have stated the need to hold talks to seek a political solution to the conflict, especially with Ambassador Stone, and that they should be held within a trustworthy forum -- and Contadora is a trustworthy forum. In other words, we support Contadora's contacts. We sympathize with the contacts made by the president of Venezuela and those made by the president of Costa Rica. We consider them a valuable contribution. However, we reiterate that talks with the Peace Commission are being held under the auspices of a personality that is acceptable to both parties -- a Salvadoran personality.

[Reporter] Correct, Professor. Tell me, Professor, we are talking about elections here; you say you will not participate in elections, and this is definite. Is this true? You do not have to answer this question if you do not wish to.

[Lopez] We consider that we will not participate in these elections. We reiterate our position for a political solution that leads to negotiations, and that their main goal must be the creation of a new government with full participation that paves the way to free and democratic elections.

[Reporter] In other words, this is a sine qua non for your participation in any elections.

[Lopez] Yes, that is correct.

[Reporter] Professor, thank you very much for speaking with Cadena Sonora's press department. The same goes for Doctor Ruben Zamora. If you have any other information, these channels are available, with pleasure, because we are attentive to any developments in the peace negotiations between you and the different organizations that are participating.

[Lopez] Just one second; Doctor Zamora wishes to speak with you.

[Zamora] Hello, Roberto. Are we off the air now?

[Reporter] No, we are still on the air.

[Zamora] I wanted to tell you something, but will wait until you end the broadcast.

[Reporter] In that case, we end here for interview with Professor Mario Lopez and Doctor Ruben Zamora, of the FMLN and the FDR, in San Jose, Costa Rica, concerning the negotiations being held with Richard Stone, Francisco Quinonez, and other persons involved in this Central American crisis.

COPREFA CITES NICARAGUAN STATEMENT ON FMLN AID

PA270400 San Salvador Radio Cadena Sonora in Spanish 2230 GMT 25 Aug 83

[Armed Forces Press Committee, COPREFA, communique; place and date not given]

[Text] Sandinist Foreign Minister Miguel D'Escoto has admitted that Nicaragua is giving unconditional aid to the FMLN in El Salvador. The Costa Rican newspaper LA REPUBLICA reported on 2 August [as heard] that Nicaragua had admitted to giving all types of aid to the guerrilla groups in El Salvador. This statement was made by Nicaraguan Foreign Minister Miguel D'Escoto during one of the meetings between the foreign ministers of the Contadora Group and those of the five Central American countries.

During his statement at the meeting, the Nicaraguan foreign minister referred to the Central American situation and said that Nicaragua is giving aid to the Salvadoran guerrillas because it considers their cause to be just. When D'Escoto made this statement, Salvadoran Foreign Minister Fidel Chavez Mena immediately lodged a vehement protest. He said this clearly established that Nicaragua exports its revolution and meddles in other countries' internal affairs.

The Salvadoran foreign minister vehemently pointed out to his counterparts from Mexico, Colombia, Venezuela, Panama, Costa Rica, Honduras, Guatemala, and Nicaragua that the Nicaraguan foreign minister's statement is the best proof of how this country harms other Central American countries.

The friendly intervention of other foreign ministers was necessary because of the problems created by the Nicaraguan foreign minister's statement, made in the heat of the arguments which took place during the meeting last weekend [29-30 July] in Panama City.

VENCEREMOS CONDEMNS U.S. 'CAVEMAN' MENTALITY

PA011251 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 1 Sep 83

[Station commentary: "The Space Age Cavemen"]

[Text] In the early stages of mankind's history, enormous and ferocious animals existed, including the dinosaur. Men wore few clothes and carried huge clubs. These men did not know how to play or to speak; they merely grunted and struck blows with their clubs. Some of these men -- who were later called cavemen, because they lived in caves -- would ride the dinosaurs and, waving their clubs, terrorize other men.

Centuries have passed and mankind has advanced in every field of knowledge. Modern man has walked on the moon and has invented incredible communications equipment. We are living in the space age, and progressive and developmental ideas abound.

Today, however, though we are living in the 20th century and the space age, a group of cavemen still lives. Of course, these modern savages do not walk around half-naked; they wear coats and ties. This small group of cavemen, who live in the United States, collected a tribe of savages that they call the Santa Fe Group. Their cave is a place known in Washington as the White House. This savage Santa Fe tribe drafted a monstrosity called the Santa Fe Document, which is the basis for the reactionary Reagan administration's foreign policy. Between grunts, the monstrosity states: We must speak softly but carry a big stick.

So, the cavemen of the space age have sent a troglodyte called Richard Stone to resolve the Central American conflict. This troglodyte was accompanied by another caveman, Roger Fontaine, who is one of the bad ones and an honorary member of the awful Santa Fe tribe.

Ally Oop [Trucutu] Stone, just like any good caveman and following the orders to speak -- or rather, grunt -- softly and carry a big stick, did not bring dinosaurs or clubs to Central America this time, but he did bring aircraft carriers and cannon. While everyone tried to talk to them as civilized people and to tell them that the Central Americans have dignity and want to be free, Ally Oop Stone, Flintstone Fontaine, and (Gusalina) Kirkpatrick grunt and threaten us with their cannon. These space age cavemen believe, in their shielded, imaginative, and delirious minds, that Central America is their private property and that they must subject it with the club.

We are going to remind the cavemen -- in case they have already forgotten Vietnam, where the hunters were in turn hunted -- that the savages, dinosaurs, and mammoths disappeared many years ago and that the few who remain -- such as Ally Oop Stone, Flintstone Fontaine, (Gusalina) Kirkpatrick, and King Guzzie Reagan -- will be no exception. Central America will defeat the Yankee cavemen, whether they come with dinosaurs or aircraft carriers.

PARABUNDO MARTI LISTS AUGUST ACTIONS, CASUALTIES

PA011536 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0100 GMT 1 Sep 83

[Text] The FMLN has dealt strong military blows to the genocidal regime's Army on all war front during month of August.

On 2 August, heavy fighting took place at (Borronoso) Hill, Morazan, in which anti-aircraft fire damaged a helicopter sent by the Yankee imperialists to the military dictatorship.

On 3-4 August, our weapons were used against the enemy in La Loma canton. We inflicted 39 Army casualties and seized 30 M-16 rifles, an M-60 machinegun, and 2 PRC-77 military radios. These actions took place on the heroic Francisco Sanchez Eastern Front.

On both 4 and 22 August, our urban guerrillas clashed with National Guard troops near Apopa, killing or wounding a total of 32 guards.

In the first days of August, the puppet Army approached El Volcancillo mountain, in Chalatenango Department. Our glorious People's Liberation Army defeated the enemy overwhelmingly here, killing 42, wounding 62, and capturing 19 POW's. In addition, we seized 36 M-16 rifles, an M-79 grenade launcher, and 1 PRC-77 radio.

Continuing our victorious military summary for this month, on 9 August, on the Anastasio Aquino Paracentral Front, FMLN forces ambushed a train near Tecoluca, annihilating its National Guard escorts, killing 10, wounding 10, capturing 3 POW's, and seizing 10 G-3 rifles.

In San Vicente, the area chosen for the genocidal CONARA [National Commission for Reconstruction of Affected Areas] plan, we again defeated the genocidal Army. On 19 August, our sappers destroyed the El Burro railroad bridge between Zacatecoluca and San Vicente for the second time, dealing a hard blow to the genocidal regime's economy.

On the same war front, in clashes at Cinchontepec Volcano, the enemy suffered at least 44 casualties.

On 18-19 August, revolutionary forces at the Francisco Sanchez Eastern Front occupied Cacaopera and Sociedad, located 8 km and 15 km from San Francisco Gotera, in Morazan Department. Numerous casualties were inflicted on the enemy in the resulting clashes.

Our brave combatants also arrived at the death squad's hideout on the Feliciano Ama Western Front; our combatants ambushed the death squad near Coatepeque, inflicting numerous casualties. This took place on 24 August.

On the Modesto Ramirez Central Front, fierce fighting took place between Cinquera and Tenancingo in Cabanas and Cuscatlan Departments, on 24, 25, and 26 August. Our victorious people's army overwhelmingly defeated the puppet Army, inflicting at least 89 casualties.

To continue our military summary for August, genocidal operations on the heroic Modesto Ramirez Front have been to no avail. On 27 August, our FMLN forces ambushed a convoy of five armored vehicles on the new road from San Martin to Suchitoto, destroying two and inflicting at least 30 casualties.

On 28 August, FMLN artillery forces attacked the enemy's command post in (El Roblar) on Guazapa hill. Colonels Blandon and (Zepeda) hurriedly left the area in a helicopter, but their aircraft was hit by our revolutionary artillery, forcing them to make an emergency landing.

These are the results of our political-military actions in August. During August, our glorious FMLN forces inflicted a total of 441 casualties, both dead and wounded, on the puppet Army. In addition, we seized the following war supplies: 102 rifles, an M-60 machinegun, an M-79 grenade launcher, and 3 PRC-77 radios.

We destroyed two armored vehicles and three government vehicles. We seized three vehicles from the regime and damaged two helicopters that were delivered by U.S. imperialism.

This is how Farabundo's weapons fight! Forward with a steady step! Aim well, guerrilla army! Let us take power!

GUATEMALA

HAVANA REPORTS GUERRILLA ACTIVITIES, COMMUNIQUE

PA010500 Havana International Service in Spanish 1600 GMT 31 Aug 83

[Text] U.S. interventionist military plans in Central America and the Guatemalan people's decision to oppose the regime's troops are some of the subjects that have been analyzed by the Poor People's Guerrilla Army, EGP, a member of the Guatemalan National Revolutionary Unity, UNRG. The EGP also reported 10 casualties inflicted on the enemy in harassment and ambush operations carried out on 9 and 10 August.

The Rebel Armed Forces, FAR, also issued a communique, in which it says that the special military courts were abolished because of the pressure exerted locally and abroad, and that this was a victory of the revolutionary process that is taking place in Guatemala.

The FAR communique also says that General Oscar Mejia Victores is desperately trying to obtain U.S. Government support, because he is incapable of stopping the Guatemalan revolutionary process. In order to obtain this support, Mejia Victores has assailed Nicaragua and the Contadora Group, which is trying to find a peaceful solution to the conflict in Central America.

NICARAGUA

CUBAN ENVOY CITED ON AID, 200 ADVISERS IN COUNTRY

PA011545 Madrid EFE in Spanish 2030 GMT 31 Aug 83

[Text] Mexico City, 31 Aug (EFE) -- Fernando Lopez Muino, the Cuban ambassador to Mexico, "has admitted not only that his country helps Nicaragua, but that it has 200 advisers there," it was reported today by the daily EL HERALDO DE MEXICO.

Lopez Muino also said that the Cuban advisers will leave Nicaragua when that country's government decides they should.

The Mexican paper quoted the ambassador as saying that "the Nicaraguans will receive our help as long as they see fit."

'IMPERIALIST' REVIVAL OF CONDECA CONDEMNED

PA012223 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 1 Sep 83

[Text] In 1974, after the revolutionary struggle in Central America reached its peak, imperialism guided the foundation of the Central American Defense Council, CONDECA, in order to repress the revolutionary movements in each of the Central American countries.

Imperialism was at that time bogged down in its aggression against the Vietnamese people; and in Central America, imperialism needed an organization that -- while disguising its direct intervention in the region -- permitted it not to become distracted from the center of the world anti-imperialist struggle being waged in Asia.

CONDECA turned the Central American armies into U.S. occupation armies in the area.

Today, when the anti-imperialist struggle has been extended throughout Central America, the Reagan administration is trying to revive CONDECA in order to direct it against Nicaragua and the Salvadoran people. CONDECA's revival would allow Reagan to carry the war to Central America, but imperialism is heading for another failure, just as it failed in Vietnam.

MANAGUA REPORTS INAUGURATING OF NEW TANK BRIGADE

PA010446 Managua Radio Sandino Network in Spanish 1200 GMT 31 Aug 83

[Text] On its anniversary on 2 September, the Sandinist People's Army, EPS, will inaugurate a tank brigade bearing the name of Commander Oscar Cruz Chavarria. This was reported yesterday, 30 August, by Brigade Commander Hugo Torres, Chief of the EPS Political Directorate.

On 2 September, the EPS anniversary will mark the spirit that inflamed the men who followed the general of free men, and who fought and died defending the national sovereignty.

Commander Torres explained that 2 September was chosen because [words indistinct] General Sandino in 1927, when he founded the army for the defense of the national sovereignty. In his decree, Sandino regulated the military ranks, the command echelons, and the exercise of discipline.

VOICE OF SANDINO CITES ROBELO REMARKS TO PRESS

ARDE Offensive, Arms

PA012104 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 1 Sep 83

[Text] At a press conference with foreign and local journalists in Costa Rica, Alfonso Robelo, political officer of the Democratic Revolutionary Alliance, ARDE, said that ARDE forces are fighting constantly in southern Nicaragua. We have complete control over 3,600 square km, he said. He was optimistic about the actions that are taking place, citing the fact that at the beginning the group had only 380 men, but has now been strengthened by more than 3,000 fighters, who have been continuously deserting from the people's militias, as an indication of the success of the struggle.

Our guerrillas, he said, are armed with rifles and carbines, but soon, very soon, we expect the arrival of heavy weapons: mortars, machineguns, bazookas, grenade launchers, RPG's, and other weapons.

Robelo announced during the interview that serious offensives have been planned for the near future, although he gave no details. He did, however, point out that ARDE's control in Nicaragua extends from a point 3 km east of Castillo Viejo to 2 km from the mouth of the San Juan River, in the vicinity of San Juan del Norte.

The opposition leader pointed out that his group of insurgents, led by Eden Pastora, are some 40 to 50 km deep in Nicaraguan territory; that is, he said, they are in an area just a little to the north of the Maiz River. Meanwhile, he concluded, the MISURASATA [Miskito, Sumu, Rama, Sandinist Unity] forces are engaged in military actions on the central Atlantic Coast, in a region that extends from north of Perlas Lagoon to the Prinzapolka and Grande Rivers in Matagalpa.

Defense of Costa Rican Neutrality

PA012116 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 1 Sep 83

[Text] Alfonso Robelo, a responsible politician and a member of the directorate of the Democratic Revolutionary Alliance, ARDE, said yesterday that his organization will use all of the resources at its disposal to prevent Costa Rica from being occupied as a pretext for and as a result of the internal conflict being experienced by Nicaragua, which is being led along the path of communist subversion.

Speaking to international press reporters, Robelo expressed his concern over the violence and fear being experienced by residents of the Costa Rican border towns of Los Chiles and Upala. He said that there can be no doubt that there is a Marxist plot to make ARDE appear to be the source of all of these wrongdoings.

However, he said: We are willing to hand the Costa Rican police any of our members, whoever they might be, who are caught in the process of endangering the political neutrality that Costa Rica has pledged to the world, or who are causing any other kind of disturbance that affects Costa Rica's inhabitants.

In a subsequent statement, the political leader said that the Nicaraguan ancestry of a large number of border residents leads them to identify with the Nicaraguan conflict and has polarized the area's residents.

However, despite the historical fact that the residents of those areas identify completely with Nicaraguan problems, ARDE cannot rule out the possibility that criminals and outsiders might commit crimes in its name. We will investigate this and will take drastic measures to put a stop to it, he said.

[Words indistinct] the Marxists have centers of activity that are much larger than one can imagine. They take advantage of the historical situation of an insurrection in Nicaragua to incite conflicts that cause problems for Costa Rica and that discredit the struggle for liberation for which ARDE is the main standard bearer, Robelo concluded.

VOICE OF SANDINO REPORTS SAN JUAN RIVER CLASHES

PA012152 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 1 Sep 83

[War Bulletin No 57 issued by the Democratic Revolutionary Alliance General Command "in the mountains of Nicaragua" on 30 August -- read by announcer]

[Text] The ARDE [Democratic Revolutionary Alliance] General Command reports to the Nicaraguan people and the free peoples of the world:

1. At 0200 on 29 August, a column of ARDE's heroic armed forces under the command of Companero Martin attacked the places known as (Los Corrales), El Coco, and Hacienda Santa Fe on the banks of the San Juan River.
2. The exchange of rifle fire began at 0200 and lasted 3 hours, until 0500, when ARDE's column began retreating deep into the mountains in the south of Nicaragua.
3. As a result of this clash, the military installations of Hacienda Santa Fe garrison, where the pro-Soviet EPS [Sandinist People's Army] troops kept a contingent of some 120 men, were destroyed. We have no information on the casualties inflicted on the enemy. For our part, we sustained no casualties.

With much pleasure and pride, we report that after the clash, 10 peasant companeros who resided at that place joined ARDE's fighting forces.

The morale of our troops, who defend the national **sovereignty**, is high. They are willing to fight daily, and are determined to expel the new dictatorship and the new invaders from our soil. Without totalitarianism, or return to the past!

Mountains of Nicaragua, 30 August 1983

ARDE General Command

BRIEFS

PSD SECRETARY RESIGNS -- Rudy Ibarra Sanchez, national secretary of the Social Democratic Party, has announced his resignation in a communique. Ibarra gave no reason for his resignation. [Text] [Managua Sistema Sandinista Television Network in Spanish 0200 GMT 1 Sep 83 PA]

EXPORT FIGURES -- Three state-owned and state-operated corporations, which fall under the Foreign Trade Ministry, have reported the following export figures for the January-March period: Nicaraguan Sea Products Enterprise, 1,397,000 pounds, with a reported income of over \$8 million; the Nicaraguan Sugar Enterprise, 2,472,261 quintals, with a reported income of over \$31 million; and the Nicaraguan Cotton Enterprise, which exported 317,117 bales of the product, with a reported income of \$6,819,000 in foreign exchange. [Summary] [Managua Radio Sandino in Spanish 1830 GMT 31 Aug 83 PA]

COASTAL SHIPPING ACTIVITIES -- The Nicaraguan Enterprise for Coastal Shipping, ENICAB, made 2,600 trips during the first 6 months of this year, carrying a total of 145,000 passengers as well as cargoes averaging 20,000 quintals a trip, according to an ENICAB report. [Summary] [Managua Radio Sandino Network in Spanish 1200 GMT 30 Aug 83 PA]

CUBAHAVANA CITES PEREZ DE CUELLAR, DOS SANTOS ON TROOPS

FL011330 Havana Domestic Service in Spanish 1100 GMT 1 Sep 83

[Text] UN Secretary General Javier Perez de Cuellar has reiterated that South Africa persists in its aim to obstruct UN efforts on behalf of Namibia's independence. A report on the subject issued by the UN secretary general stated that South Africa's obstinate position makes it impossible for the United Nations to implement its plan.

Perez de Cuellar said that the question of Cuban troops in Angola was not addressed in UN Resolution 435 and therefore should not be connected in any way with Namibia's independence.

Perez de Cuellar's report shows that to talk with the South Africans is like talking to a deaf diplomat, since Pretoria persists in obstructing negotiations with issues repeatedly turned aside by the international community.

Angolan President Jose Eduardo dos Santos said in Luanda that the connection being made between Cuban internationalist troops in Angola and Namibia's independence was first established by the Reagan administration. Dos Santos' statement came at a press conference held yesterday with a group of U.S. journalists. He explained that such a precondition had not been raised during the term of President James Carter.

Responding to another question on the strength of Cuban military forces Dos Santos said: I would be a poor commander if I were to reveal the strength of our forces when our country is at war. At the persistence of the visitors, Dos Santos gave one other single response to the U.S. journalists when they referred to a charge made by UN Ambassador Jeane Kirkpatrick who, according to the U.S. journalists, assured them that there are 20,000 Cuban military men and 10,000 Cuban civilians in Angola. The Angolan leader smiled at this allegation and, in an ironic tone of voice, responded: Mrs Kirkpatrick has the CIA available and therefore she must believe her sources, shouldn't she?

DOMINICAN REPUBLICGOVERNMENT EXPLAINS CID PROGRAM SUSPENSION

FL011241 Santo Domingo LISTIN DIARIO in Spanish 25 Aug 83 p 4

[Excerpts] Miguel A. Peguero Calzada, director general of telecommunications, yesterday justified the suspension of the CID [Independent and Democratic Cuba] program broadcast by Radio Clarin. He said that the broadcasts "constitute serious transgressions of Dominican laws."

In a statement sent to this newspaper, Peguero Calzada said that the programs were intended "exclusively to criticize the Cuban Government and "interfered with Cuban broadcasting stations."

The telecommunications director's statement said: Radio Clarin was broadcasting for "CID Publications Corporation" (which is nothing more than a front for foreigners to conceal their political activities in the Dominican Republic) on the frequency of 11700 kHz (short wave) on the 25 meter band, as well as on the unassigned frequencies of 7355 kHz, 5106, kHz, 7645 kHz, and 4900 kHz. The programs' exclusive purpose was to criticize the Cuban Government. In addition, they interfered with Cuban broadcasts.

VENEZUELAPRESIDENT MEETS WITH HONDURAN ARMY CHIEF

PA012115 Paris AFP in Spanish 0302 GMT 1 Sep 83

[Text] Caracas, 31 Aug (AFP) -- General Adolfo Alvarez Martinez, commander in chief of the Honduran Armed Forces, said here today that his country and the other Central American nations "are victims of Nicaraguan aggression, carried out through subversion and the promotion of instability in the area."

General Alvarez Martinez met this afternoon with Venezuelan President Luis Herrera Campins, who had invited him to exchange points of view on the Central American situation and to speak with Venezuelan military officers.

Tomorrow, Thursday, Herrera Campins will meet with Richard Stone, U.S. special ambassador for Central America, who will be coming from Bogota.

Alvarez said today that Stone's effort "demonstrates the U.S. interest in finding negotiable solutions, through dialogue, to the Central American problem."

Alvarez concluded by saying that Honduran President Roberto Suazo Cordova is in good health, "but if, through some circumstance, he is temporarily disabled, the Constitution provides for presidential succession."

BRIEFS

EXPERIMENTAL OIL COMPLEX -- Caracas, 12 Aug (OPECNA) -- Venezuela will step up its heavy and extra-heavy oil production through its recently constructed experimental water processing complex on the Paraguana Peninsula, 550 km west of Caracas. The new plant, valued at \$100 million and which has been described as the first of its kind in the world, will have a capacity of 2,500 barrels a day. It is owned by MARAVEN, a subsidiary of Venezuelan Petroleum (PDVSA). According to the president of MARAVEN, heavy oil makes up two-thirds of Venezuela's confirmed oil reserves. [Summary] [Vienna OPECNA in Spanish 0119 GMT 13 Aug 83 PA]